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To all Members of the

AUDIT COMMITTEE

AGENDA

Notice is given that a Meeting of the above Committee is to be held as follows:

VENUE Council Chamber - Civic Office
DATE: Thursday, 16th July, 2015
TIME: 2.00 pm

Items for Discussion:

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1. Apologies for Absence	
2. To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.	
3. Declarations of Interest, if any	
4. Minutes of the meeting held on 22nd April, 2015	1 - 12
A. Reports where the public and press may not be excluded	
5. Audit Committee Terms of Reference and Work Programme 2015/16.	13 - 26
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8. Risk Management - Review of Policy and Q4 update.	57 - 98

Jo Miller
Chief Executive

Issued on: Wednesday, 8th July, 2015

Governance Officer
for this meeting:

Sarah Maxfield
Tel: 01302 736723

9.	Annual Fraud Report - 2014/15 Executive Summary	99 - 116
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15.	Doncaster Market Review.	331 - 340

(APPENDIX 1 AND 2 ARE NOT FOR PUBLICATION BECAUSE THEY CONTAIN EXEMPT INFORMATION WITHIN PARAGRAPH 3 (INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON, INCLUDING THE AUTHORITY HOLDING THAT INFORMATION) OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT, 1972, AS AMENDED).

Members of the Audit Committee

Chair – Councillor Austen White
Vice-Chair – Councillor Richard A Jones

Councillor Susan Jane Durant
Councillor John Healy
Councillor Alan Jones

Co-opted Member: Kathryn Smart

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

22ND APRIL, 2015

A MEETING of the AUDIT COMMITTEE was held at the CIVIC OFFICE, DONCASTER on WEDNESDAY, 22ND APRIL, 2015, at 2.00 P.M.

PRESENT:

Chair – Councillor Austen White
Vice-Chair – Councillor R. Allan Jones

Councillors Andrew Bosmans, Frank Jackson and Craig Sahman.

Kathryn Smart – Co-Opted Member.

Also in attendance:

Denise Bann, Head of Procurement, (Minute No's 43 and 44)
Simon Dennis, Senior Manager, KPMG
Colin Earl, Head of internal Audit
Roger Harvey, Monitoring Officer, (Minute No's 47 and 53)
Shane Hayward-Giles, Assistant Director Modernisation and Commissioning, (Minute No.s 43 and 44)
Peter Jackson, Internal Audit Manager
Steve Mawson, Assistant Director of Finance and Performance
Howard Monk, Head of Corporate Policy and Performance, (Minute No. 45)
John Prentice, Director, KPMG

41. DECLARATIONS OF INTEREST, IF ANY

Kathryn Smart declared a non-pecuniary interest in relation to 'Agenda Item No. 5, 'Adults Health and Wellbeing Audit Action Plan Progress Report: Progress on Implementing outstanding recommendations in Adults Services, including Mental Health Section 117 Refunds', by virtue of working for RDaSH (Rotherham Doncaster and South Humber NHS Foundation Trust).

42. MINUTES OF THE MEETING HELD ON 4TH FEBRUARY, 2015

RESOLVED that the minutes of the meeting held on 4th February, 2015, be approved as a correct record.

Following approval of the minutes and further to a request from the Chair, the Head of Internal Audit updated Members and provided assurances regarding implementation of the actions highlighted in the minutes from the last meeting.

ACTION

All to note

43. ADULTS, HEALTH AND WELLBEING AUDIT ACTION PLAN
PROGRESS REPORT: PROGRESS ON IMPLEMENTING
OUTSTANDING RECOMMENDATIONS IN ADULTS SERVICES,
INCLUDING MENTAL HEALTH SECTION 117 REFUNDS (Minute No.
38 – 4th February, 2015)

Further to the above Minute, Shane Hayward-Giles, Assistant Director, Modernisation and Commissioning presented an update report on progress made on the implementation of outstanding major audit actions relating to Adults Social Care, including Mental Health Section 117 refunds.

Members were informed that the Directorate Leadership Team for Adults, Health and Wellbeing considered progress to date on 31st March and agreed an approach to implement the outstanding issues within a realistic timescale and monitor progress. The Assistant Director, Modernisation and Commissioning reported that the previously agreed timescales were over optimistic due to the complexity of some of the actions. As a consequence of this, a number of actions had to be given revised dates on more than one occasion. A single point of contact Officer would coordinate the implementation of outstanding actions and ensure that the revised implementation dates were adhered to. The Assistant Director for Modernisation and Commissioning was confident that all risks would now be signed off within the revised timescales, as additional resources had been allocated to this piece of work. A summary of the progress made to date against the audit action plans was set out in paragraph 6 of the report.

Further to a request from the Chair, the Assistant Director, Modernisation and Commissioning provided the Committee with an overview regarding Section 117 refunds and responded to questions from Members. Members were informed that Section 117 required local authorities to provide aftercare free of charge for people who have been sectioned under the Mental Health Act. As a consequence of the Local Government Ombudsman's special report, local authorities had to identify clients who had been charged for S.117 aftercare and provide refunds. The Council had more than 100 clients entitled to a refund. The Council had taken a proactive approach and had reduced the number outstanding down to 30. Further work was on-going to track down those still owed a refund, but this was proving difficult due to information held about these clients being out of date. Some former clients had now moved out of the area and others were deceased. External agencies were being used to assist with this work in tracking down clients. Members were assured that the Council now had systems in place to reduce the likelihood of this happening in the future.

Members expressed their disappointment that the report presented had not been updated with an addendum to reflect the current position regarding the action plan. It was not clear which actions, if any, that had completion dates prior to 31st March had been achieved.

Due to the significance of these action plans, Members requested that progress reports should be submitted to future meetings.

RESOLVED that

- | | |
|---|--|
| (1) the update on all Major actions, be noted. | All to note |
| (2) the report regarding Mental Health Section 117 Refunds, be noted; | All to note |
| (3) the agreed approach for more effectively managing audit action plans within Adults, Health and Wellbeing in the future, be noted; and | All to note |
| (4) a general progress report on the actions be presented to the next meeting; and | Assistant
Director,
Modernisation &
Commissioning |
| (5) a specific update on Section 117 Refunds be presented in six months' time. | Assistant
Director,
Modernisation &
Commissioning |

44. FINANCIAL AND PURCHASING AND CONTRACT PROCEDURE RULES (Minute No. 28, 20th November, 2014)

Further to the above Minute, the Committee received a report, detailing Waivers and Breaches to Contract Procedure Rules for the period 1st October, 2014 to 31st March, 2015. The report had been presented in a new format to provide additional information to that previously reported. In welcoming the new format, Members requested that future reports include specific dates in the timescale column.

Members noted that 9 breaches had been reported and 12 waivers had been approved during this period. Members raised concern regarding the value and length of time some of these breaches and waivers related to and expressed the view that this could be as a consequence of information not being communicated to those involved in procuring services or not adhering to the rules.

In respect of the contract for Mortuary Services, the Committee asked whether any contact could be made with neighbouring authorities to explore the possibility of having a joint contract to achieve better value for money.

Members were advised that, overall, procedures were continually being monitored and reviewed to improve the situation. There had been a significant amount of targeted training and the situation was gradually getting better. However, it was acknowledged that breaches were not acceptable and waivers should only be granted in exceptional circumstances. It was anticipated that as awareness increased of the procurement procedures the number of reported incidents would reduce.

Members were informed that where it was the case that rules were deliberately being breached, disciplinary procedures would be considered.

It was reported that a further review of Contract Procedure Rules would

take place shortly and a report on the outcome of this would be submitted to a future meeting of this Committee, highlighting any proposed changes.

RESOLVED that

- (1) the information and actions contained in the report regarding Waivers and Breaches of Council Procedure Rules, be noted; and
- (2) a report on the outcome of a review of Contract Procedure Rules be submitted to a future meeting.

All to note

Assistant
Director,
Finance and
Performance

45. STRATEGIC RISK REGISTER (TO INCLUDE HEALTH AND SAFETY RISK ASSESSMENT)

Howard Monk, Head of Corporate Policy and Performance, presented a report which provided a progress update on strategic risks for Quarter 3, 2014/15, as set out in Appendix A of the report. Members noted that there were now 15 strategic risks linked to the Corporate Plan as the risk around the 'Council remaining in intervention' had been demoted as part of the Q3 process.

Clarity was sought regarding how the impact of Welfare Reforms on communities and on Council Services was being taken forward to manage the risk and what arrangements were being put in place to manage Sickness Absence. A Member suggested that the focus of the report should be on how risks were mitigated with timescales provided and less emphasis being placed on describing the risk. The Head of Corporate Policy and Performance stated that this would be included in future reports. Assurances were provided that the two risks above identified on the register were being effectively managed and controlled. Action plans were in place however, the plans had not been included in the report.

In referring to the areas of performance weakness in the Doncaster Children's Trust, Members sought clarity in terms of accountability regarding the Trust. Members were informed that the Children with Disabilities Service was within the jurisdiction of the Council and not that of the Trust. In terms of the overall responsibility of delivering Children's Social Care in Doncaster there was a contract in place with the Trust to carry out this work, which included a series of performance measures which were reported to the Executive and the Council. Now that a framework was in place, it was anticipated that a report would be submitted to the Audit Committee and would be presented in a refreshed format to include target risks.

With regard to the safeguarding of children, whilst acknowledging that there was mitigation in place to manage the risk, Members still had concerns in this area and therefore felt that the level of risk should remain as high. Members were advised that there had been a difficulty in assessing the level of risk without the Trust's involvement. Members were informed that this risk would be reported to the Committee on a

regular basis.

In response to a query from the Chair regarding whether a review of staff sickness had been carried out, the Head of Corporate Policy and Performance reported that he was not aware that a review had been undertaken, however pointed out that the figure had reduced dramatically and sickness had improved. It was acknowledged that further work was still required to meet the target in this area.

RESOLVED that the content of the report, be noted.

All to note

46. ORDER OF BUSINESS

At this point of the meeting the Committee agreed to the variation of the order of business by considering Agenda Item 12 before returning to the order of business as specified on the agenda.

RESOLVED that in accordance with Council Procedure Rule 4 the order of business be varied by considering agenda item 12, before returning to the order of business as specified on the agenda.

All to note

47. DANVM DRAINAGE BOARD GOVERNANCE REVIEW

The Committee received a report, presented by Colin Earl, Head of Internal Audit and Peter Jackson, Internal Audit Manager which summarised the findings of an audit of governance arrangements at Danvm Drainage Board undertaken by the Internal Audit Service, following complaints made by a member of the public to the Mayor, after the complainant had already raised matters directly with the drainage board and had not received a satisfactory response from the Board.

The Audit concluded that Governance at the Drainage Board had failed to meet governance standards applicable to the Public sector and had put forward a number of recommendations that when implemented would significantly improve the governance arrangements at the Board. Members noted that the Audit highlighted:-

- a lack of strategic planning relating to water management
- questions regarding the appropriateness of the use of Public resources
- inadequate transparency and accountability relating to decision making and responsiveness to complaints from the Public
- inadequate arrangements and compliance with declarations of interest requirements.

Members were informed that during their investigation, other significant concerns had arisen regarding the activities of some former Board Members, which had been referred to South Yorkshire Police. Since the drafting of the report, South Yorkshire Police had informed Internal Audit that due to insufficient evidence, they did not intend taking formal action in this respect.

It was reported that the Drainage Board had fully accepted the recommendations and a Task and Finish Group had been established to make sure that that the recommendations of the report were implemented. A number of the recommendations had been actioned. Internal Audit had been asked by the Board to revisit in September to carry out a follow up review of the actions they have put in place and report the outcome to the next Board meeting.

Members sought assurances in respect of implementation of the improvements by the Drainage Board and raised concerns regarding embedding of best practice. Members were informed that a number of the recommendations had since been put in place. Internal Audit was working on a number of actions and was aware of activity taking place to address the recommendations. Other issues outside of the investigation had related to further complaints by members of the public which were being worked through. It was further reported that a client group of appropriate local authority officers was being formed from the relevant authorities to help oversee and coordinate governance and strategic water level management activities at other drainage boards in the area.

In terms of Value for money, the Committee was concerned that the landowners had spent public money for the benefit of themselves, by the unauthorised and illegal use of electricity from a pumping station and unlicensed water abstraction. The Head of Internal Audit reiterated that due to insufficient evidence, no action had been taken by the Police. It was reported that the problems had arisen due to non-attendance of local authority Members at Board meetings, which had led to the landowners being in control of the meetings and taking spending decisions. Members were assured that systems had been put in place to prevent this happening again. A client group would provide support and training to Members in terms of what they were expected to do. The Head of Internal Audit advised that it was important in future to ensure that members with the right skills and technical expertise were appointed to the Board. Members were also informed of the need to strengthen partnership arrangements.

In answer to questions from Members the Committee were advised that the statutory Regulator for the work of Drainage Boards was the Environment Agency but they had not taken any robust action in respect of this issue. Members felt that due to the significance of the report, that the matter should be referred to External Audit.

Members were informed that having reported their findings to the Drainage Board, the Board had acted quickly upon the report, put a review Board in place and fully accepted the recommendations that had been made. Some of the actions had already been implemented and a governance structure has been put in place.

John Prentice, Director, KPMG explained that the External audit of Drainage Boards was contracted to the BDO and not KPMG. The audit of the Drainage Boards was a financial based audit with a limited governance review.

The Committee felt that the report should be referred to Overview and Scrutiny for further scrutiny of the Drainage Boards. The Head of Internal Audit and the Assistant Director of Legal suggested that an understanding of some aspects of work undertaken by Drainage Boards, such as the development of the Food Risk Strategy would benefit Members.

Members were informed that the number of representatives on the Board was set out in statute. It was important that each local authority appointed representatives with knowledge and understanding of the role of Drainage Boards. Discussions were being held with other Councils who had representatives on the Board to try and ensure that representatives were properly briefed and attended meetings.

In light of the views and concerns, Members requested that an update on this issue be submitted to the Committee's meeting in September.

To conclude debate, the Chair on behalf of the Committee thanked the Head of Internal Audit and the Internal Audit Manager for a detailed and comprehensive report.

RESOLVED that

- (1) the outcome of the audit review and the significance of the findings in relation to the Council's own partnership governance arrangements, be noted; and
- (2) a progress report on implementing the recommendations of the Internal Audit report and related issues be presented to the September meeting of this Committee.

All to note

Head of Internal Audit

48. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2014/15

Colin Earl, Head of Internal Audit presented a report, which provided information on the work of Internal Audit during 2014/15 and its overall opinion on the Council's system of internal control. The report also referred to the formal review of the effectiveness of Internal Audit required to be completed in accordance with the Accounts and Audit Regulations 2011.

Members referred to the number of audit recommendations not yet implemented, in particular regarding the 8 major recommendations, and questioned whether these were being managed effectively. The Head of Internal Audit confirmed that he had no concerns regarding the deliverability of the actions and the pace of work.

Members sought assurances that Officers were confident that sufficient resources were in place to manage the planned work for 2015/16 and future years. Members were informed that the Internal Audit team had the skills and expertise required to deliver the audit plan. Assurances had been given by the Director of Finance and Corporate Services that additional resource would be put in place should any major unplanned work arise.

Arising from a query in relation to whether the weaknesses identified in processing of respite care payments to respite carers had been addressed, it was reported that Internal Audit were yet to complete their follow up review and at this stage confirmation could not be provided whether they had all been completed, as some of the matters had been passed on to the Children's Trust.

In terms of Debtors and Creditors, the Chair sought assurances that these were working effectively and requested an update on progress. The Head of Internal Audit advised that very low levels of assurance had been given on these recommendations. These were currently under review and would be reported as part of Internal Audit's next progress report.

Head of
Internal Audit

RESOLVED that

- (1) the Internal Audit Annual Report for 2014/15, including confirmation that the Council's system of internal control was adequate and operated satisfactorily during the year, be noted;
- (2) the conclusion that there was an effective internal audit in place for 2014/15, be noted;
- (3) the Head of Internal Audit's self-assessment that the service is compliant with the UKPSIAS, be noted.

All to Note

All to Note

All to Note

RESOLVED that in accordance with Council Procedure Rule 33.1, the Committee, having sat continuously for nearly three hours, continued to consider the remaining items of business on the agenda.

49. REVIEW OF INTERNAL AUDIT STRATEGY AND INTERNAL AUDIT CHARTER

The Committee received a report which sought approval to revisions to the Internal Audit Strategy for the period 2015-16 and revisions to the Internal Audit Charter.

The Strategy and Charter had been last reviewed in July, 2013 after the introduction of the United Kingdom Public Sector Internal Audit Standards (UKPSIAS). Both the Strategy and Charter had been updated and formed the foundation of the Internal Audit Services to be provided for 2015-18 financial years inclusive, and were appended to the report at Appendices A and B, respectively.

In referring to page 69 of the agenda papers, Members questioned whether the Council had undertaken a benchmark exercise with other authorities in relation to price and efficiency of the Internal Audit Service. It was reported that the Council had carried out a service review two years ago and had looked at some examples of plans from other auditing institutions. In terms of Value for Money, Members were informed that Internal Audit had secured a contract with St. Leger

Homes and had recently agreed a service level agreement for the Children's Trust for the next 18 months.

Arising from a query from a Member regarding what revisions had been made to the Charter, Members were assured that the changes were relatively minor and advised that future reports would include track-changes.

RESOLVED that

- (1) the revisions to the Internal Audit Strategy for the period 2015-2018, be noted; and
- (2) the revisions to the Internal Audit Charter, be approved.

All to Note

All to Note

50. INTERNAL AUDIT PLAN 2015/16

The Committee considered the Internal Audit Plan for 2015/16, as attached at Appendix A of the report.

The main points highlighted in the report included:-

- The inclusion of specific counter fraud initiatives agreed by the DCLG as part of a successful Counter Fraud Fund bid
- The introduction of the ERP system in 2013 continued to have an effect on the level of resources committed to the review of financial systems. The addition of further systems into the ERP system during 2015/16 had been included in the plan to enable Internal Audit to provide up front proactive advice to support the process.
- The plan included an allocation of 80 days for follow up work (92 days in 2014/15). Targeted follow up was designed to maximise the benefit of the original audit work by ensuring actions had been implemented and appropriate outcomes achieved.
- A contingency had been made to provide for emerging risks / requests for advice / assistance that arise throughout the year.
- The risk based element of the plan was directly linked to corporate and service risks and, in particular, how these risks were being managed. This was the area of the audit plan which was anticipated amending during the year to reflect new and emerging risks that the authority found itself exposed to.
- The DMBC audit plan now excluded work in areas transferred to the Children's Trust. Internal Audit had agreed a plan with the Trust covering the period October 2014 to March 2016.

Members questioned whether sufficient resources were in place to deliver the Audit Plan and what would the major risks would be if the plan was not implemented. The Head of Internal Audit confirmed that

whilst the appropriate resources were in place, if the team were to lose some of the resource or if the audit work was to increase this could cause additional pressures on the team. However it was reported that at this stage it was not anticipated that there would be a reduction in the service or further demands made on the team. Members were informed that the Director of Finance and Corporate Services had provided assurances that additional resources would be provided, if essential, to ensure that work could be completed to fulfil Internal Audit objectives.

The Chair on behalf of the Committee congratulated the Head of Internal Audit and his team for securing the Government grant to fund local Counter-fraud and error work. The Head of Internal Audit was pleased to report that the Council had been successful in bidding against other local authorities. He explained that the two main areas of this work would be to raise awareness of fraud, by working with managers to ensure that they could identify any risks. The second element would be to identify weaknesses including, fraud and overpayments.

RESOLVED that the 2015/16 Internal Audit Plan, be noted.

All to note.

51. AUDIT COMMITTEE ANNUAL REPORT 2014/15

Colin Earl, Head of Internal Audit presented Members with the Audit Committee's Annual report for 2014/15, which set out key aspects of the work undertaken by the Committee during 2014/15.

Members were informed that the Audit Committee had made a positive contribution during the year and had fulfilled their Terms of Reference which had included:-

- Helping reduce the number of breaches of contract procedure rules by supporting the Director of Finance and Corporate Services' purge of breaches
- Improving the control environment by ensuring appropriate action is taken to implement audit and inspection recommendations
- Strengthening the strategic risk register and risk mitigation actions by critically appraising the risk register
- Supporting continued improvement in accounts closedown performance by supporting closedown plans

In addition, the Committee had taken on board some functions formerly carried out by the Standards Committee. It had also welcomed a co-opted member with a finance and governance background, which had further strengthened the Committee's skills and experience base to draw upon.

In relation to the Committee's work over the past year, the Director of KMPG reported that the Committee was working effectively which had been clearly evidenced by directorates being held to account. It was reported that specific challenge to Officers was an important part of work that the Committee provides. He felt that it would be helpful for

this aspect of work to be reflected in the report.

Subsequently, the Chair asked the Head of Internal Audit to amend the report to reflect the comments made by the Director, KMPG.

Head of
Internal Audit

RESOLVED that

(1) the draft Audit Committee Annual Report for 2014/15, be noted and approved; and

All to note

(2) the comments made by the Director of KMPG, be reflected in the report.

Head of
Internal Audit

52. KMPG EXTERNAL AUDIT PLAN 2014/15

John Prentice, Director, KMPG presented a report on a programme of work that KMPG would undertake to deliver their Code of Audit Practice audit which would cover work on the financial statements and the value for money conclusion for the 2014/15 financial year. A copy of KPMG's plan for completing the review of the Council's financial statements and associated disclosure notes and providing an audit opinion on the Council's accounts was attached at Appendix 1 to the report.

It was reported that there were no significant changes to the accounting standards and financial reporting framework in 2014/15. Having completed their initial risk assessment for the financial statements audit, KMPG had not identified any significant risks this year. However, an area of audit focus which KMPG had identified but was not considered a significant risk, related to the accounting for non-current Assets Used by Local Authority Maintained Schools, which was considered as a technical issue.

KMPG had highlighted two significant audit risks in their initial risk assessment for the Value for Money conclusion, which related to the Children's Trust and Savings Plan. It was reported that the Children's Trust was subject to a contract monitoring process process and KMPG were satisfied that these arrangements should enable the Council to manage its risks. In relation to Savings Plans, Members were informed that this area required close scrutiny as delivery of the budget was dependent upon achieving the challenging reductions in spending whilst the Council continued to deliver high quality services.

During consideration of the report, Members enquired whether KPMG had identified any weaknesses in the Authority's IT systems that had impacted during their audit. Members were informed that the work had not identified any weaknesses, but could not confirm this until the work had been completed.

It was reported that KPMG's audit approach had been to undertake control work on financial systems and review any relevant work that Internal Audit had completed, to minimise unnecessary duplication. Reliance was also placed on reports being presented to the Committee.

RESOLVED that the content of the External Audit Plan 2014/15,

be noted.

53. REPORT ON URGENT ACTION TAKEN TO GRANT A DISPENSATION

Roger Harvey, Monitoring Officer, presented a report which informed Members of urgent action taken by the Assistant Director of Legal and Democratic Services in consultation with the Chair of the Audit Committee in relation to the granting of a dispensation to Councillor Fred Gee who in January, 2015, had applied to call-in a Cabinet decision to introduce a Selective Licensing Scheme in Hexthorpe.

Councillor Gee was the leader of the call-in group and was considered central to the presentation of the call-in group's arguments. Councillor Gee had property holdings in Hexthorpe and as such had a Disclosable Pecuniary Interest, and in accordance with the Council's Code of Conduct and Constitution, was required to declare his interest and take no further part in the call-in meeting. Following an approach by Councillor Gee, the Assistant Director of Legal and Democratic Services agreed that it would be appropriate in the circumstances and would promote good and robust decision making if Councillor Gee was able to take part in the entirety of the meeting and lead the Call-in group.

Given the timescales prior to the Call-in meeting, it was not possible to convene a meeting of the Audit Committee to approve Councillor Gee's involvement, therefore the decision was taken by the Assistant Director of Legal and Democratic Services. The Chair of the Audit Committee, Councillor Austen White had agreed with the view of the Assistant Director of Legal and Democratic Services that the circumstances warranted an urgent decision and, accordingly the dispensation was granted to Councillor Gee.

RESOLVED that the content of the report, be noted.

All to note

Agenda Item No: 5
16 July, 2015

To the Chair and Members of the AUDIT COMMITTEE

AUDIT COMMITTEE TERMS OF REFERENCE AND WORK PROGRAMME 2015/16

EXECUTIVE SUMMARY

1. The purpose of this report is to inform Members of the Terms of Reference for the Audit Committee which were approved at Annual Council on 22nd May 2015.
2. The report also includes a draft work programme, which demonstrates how the Committee should fulfill its Terms of Reference for the year.

RECOMMENDATIONS

3. The Audit Committee is asked:
 - to note the Terms of Reference for the Audit Committee for the 2015/16 Municipal Year
 - to consider the draft work programme and determine if there is anything it wishes to add or amend.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER

4. Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities.

BACKGROUND

Terms of Reference

5. At its Annual Meeting on 22nd May 2015, the Council approved the Terms of Reference for Council Committees and Sub-Committees, which included the Audit Committee. The Terms of Reference for the Audit Committee are attached to this report at **Appendix A**.
6. Following the abolition of the Audit Commission in March 2015, the responsibility for appointing Local Authorities' External Auditors has

been given to the Public Sector Audit Appointments Ltd, which is a wholly owned subsidiary of the Improvement and Development Agency (IDeA).

7. The revision to the Audit Committee's Terms of Reference reflects the fact that in future, the Committee will liaise with the Public Sector Appointments Ltd over the appointment of external auditors, rather than the Audit Commission.
8. For ease of identifying the changes in the attached terms of reference, deletions are crossed through whilst additions are shown in bold italics.

Draft Work Programme

9. The work programme, attached at **Appendix B**, is designed to ensure coverage of the areas identified in the Committee's Terms of Reference, including:
 - a. Internal Audit
 - b. External Audit
 - c. Accounts/Financial Reporting
 - d. Risk Management
 - e. Ethical Governance
 - f. Other matters
10. It is proposed as a default to report the following regular items to the Audit Committee on a six monthly basis:
 - External Audit progress against plan
 - Progress by the Council in implementing Inspection and External Audit recommendations
 - Compliance with Contract Procedure Rules and Procurement Breaches
 - Update on Governance Plan Progress
 - Regulation of Investigatory Powers Act 2000 (RIPA) surveillance.
11. However, if there are any significant issues in any of these areas they will be reported immediately to the Audit Committee.
12. Update briefings and/or training for Members will be provided as required.
13. Internal Audit Update reporting for 2015/16 is scheduled for September 2015, January 2016 and April 2016.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

14. In order to discharge its functions effectively, the Committee is required to operate within an agreed Terms of Reference.
15. The work programme is designed to ensure that, where appropriate, the Audit Committee is able to meet certain statutory deadlines and also discharge its responsibilities under its Terms of Reference, whilst achieving a balanced and manageable work load.
16. It should be noted that the programme of work may have to be varied in response to any issues emerging during the course of the year.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

17. A key role for the Audit Committee is to oversee the effectiveness of the management of risks and internal controls, which contributes to the successful achievement of the Council's objectives. Any improvement in the management of the risks will have a positive impact increasing the likelihood of the Council achieving these objectives and goals. The Audit Committee's work is, therefore, relevant to all priorities but in particular the following:

Priority	Implications
We will deliver modern value for money services.	Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough
We will provide strong leadership and governance, working in partnership.	The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.

RISKS AND ASSUMPTIONS

18. Adherence to the new Terms of Reference assists the Council to better manage its internal control risks. If these Terms of Reference are not met, the Council's level of effective governance is reduced and this may be recognised by adverse comment from the External Auditor.

LEGAL IMPLICATIONS

19. Compliance with the Terms of Reference will allow the Council to

oversee that its legal obligations in relation to audit activity, accounts / financial management risk management and other governance / regulatory matters are being met.

20. The fulfilment of the Work Programme in a timely manner will assist the Council to meet a number of legal obligations including the consideration and approval of the Annual Statement of Accounts and the Annual Governance Statement.

FINANCIAL IMPLICATIONS

21. There are no specific financial implications associated with this report.

CONSULTATION

22. The Council is responsible for the appointment of Members to Committees for the discharge of Council functions.

23. This report has no significant implications in terms of the following:

Procurement	N/A	Crime & Disorder	N/A
Human Resources	N/A	Human Rights & Equalities	N/A
Buildings, Land and Occupiers	N/A	Environment & Sustainability	N/A
ICT	N/A	Capital Programme	N/A

REPORT AUTHORS & CONTRIBUTORS

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BACKGROUND PAPERS

25. Report to Annual Council on 22nd May 2015 - Council Appointed Committees' And Sub-Committees' Terms Of Reference For 2015/16.

Simon Wiles
Director of Finance and Corporate Services

APPENDIX A

AUDIT COMMITTEE

This Committee is a Committee of the Council constituted under Sections 101 and 102 of the Local Government Act 1972.

FOR RECOMMENDATION TO COUNCIL:-

- (a) The adoption or revision of the Members' Code of Conduct.

DELEGATED MATTERS:- (the Committee may recommend any matter to Full Council when it considers it expedient to do so, after taking advice from the Head of Paid Service)

1. Audit Activity

- I. To consider the Head of Internal Audit's annual report and opinion, on the control environment, and reports on internal audit activity (actual and proposed), including for internal audit, the setting of Terms of Reference, for internal Audit, the internal audit strategy, and reviewing of resourcing and considering the level of assurance the annual report and opinion can give, over the council's corporate governance arrangements.
- II. To consider summaries of specific internal audit reports as requested.
- III. To consider reports dealing with the management and performance of the internal audit function.
- IV. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- V. To have the right to call any officers or agencies of the Council as required to offer explanation on progress in the implementation of audit recommendations.
- VI. To consider arrangements for cooperation between internal audit, external audit and other review agencies.
- VII. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance and to monitor the implementation of external audit recommendations.
- VIII. To consider specific reports as agreed with the external auditor.

- IX. To comment on the scope and depth of external audit work and to ensure it gives value for money.
- X. To liaise with the ~~Audit Commission~~ **Public Sector Appointments Ltd** over the appointment of the council's external auditor.
- XI. To commission work from internal and external audit as resources allow.
- XII. To have the right to call any Officers or agencies of the Council as required to offer explanation in the management of internal controls and risks.
- XIII. To, as required, meet privately separately with the external auditor and the Head of Internal Audit.

2. Regulatory Framework

- I. To review and where appropriate make recommendations to Council on proposed revisions to the Council's Constitution and other policies and procedures in relation to Corporate Governance issues.
- II. To review any issue referred to it by the Chief Executive or a director or any council body as the Chair considers appropriate within the general Terms of Reference of the Audit Committee.
- III. To monitor the effective development and operation of risk management and corporate governance in the council particularly in so far as they relate to the adequacy of the internal control environment, effective management of risks, the background to the annual governance statement and production of the financial accounts.
- IV. To monitor council policies in 'Raising Concerns at Work' and the antifraud and corruption strategy.
- V. To oversee the production of the authority's Annual Governance Statement and to recommend its adoption.
- VI. To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- VII. To consider the council's compliance with its own and other published standards and controls.

- VIII. To report and make recommendations to Cabinet or Council on major issues and contraventions.
- IX. To have rights of access to other Committees of the Council and to strategic functions as it deems necessary.
- X. To maintain oversight of any major issues arising from Police or other enquiries into the conduct of the Council in order to minimise disruption to other branches of the Authority.
- XI. To receive periodic reports from appropriate Directors on probity and corporate governance issues not specifically referred to elsewhere within the Committee's Terms of Reference.
- XII. To review the Council's policy under the Regulation of Investigatory Powers Act 2000 annually and to monitor compliance with the policy on a ~~quarterly~~ **twice yearly** basis.

3. Accounts

- I. To approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- II. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

4. Ethical Governance

- I. To promote and maintain high standards of conduct by Members and Officers.
- II. To grant dispensations to Councillors and Co-opted Members from requirements relating to interests set out in the Members Code of Conduct, where not delegated to the Monitoring Officer.
- III. To hear appeals against decisions of the Monitoring Officer not to grant a dispensation.
- IV. To monitor and review the Council's Whistleblower's policy.
- V. To monitor and review protocols for standards of behaviour for Members and Officers.
- VI. To monitor and review protocols for Members and Officers on relationships and dealings with outside organisations and

individuals.

- VII. To monitor and review Member and Officer procedures relating to gifts and hospitality and disclosable pecuniary interests and other interests.
- VIII. To monitor and oversee the response by the Council to complaints to the Ombudsman.
- IX. Dealing with complaints of alleged Member misconduct referred to the Monitoring Officer under Section 28(6) of the Localism Act 2011.
- X. Granting and supervision of exemptions from posts being designated as politically restricted.
- XI. To arrange for the exercise of all the above functions in relation to Parish Councils wholly or mainly in its area and to the members of those Parish Councils.

APPENDIX B

AUDIT COMMITTEE DRAFT WORK PROGRAMME

Meeting Date	Internal Audit Reports	External Audit Reports	Accounts / Financial Management	Risk Management	Ethical Governance	General Controls / Assurance Other
16 July 2015	Annual Fraud Report	External Audit Progress and Technical Update	Payroll Overpayments Update Report	Review of Risk management Framework Update on Strategic Risk Register Q4 position		Audit Committee Terms of Reference and Draft Work Programme
	Anti-Fraud and Corruption Risk Assessment and Strategy Update		Draft Statement of Accounts 2014/15			Draft Annual Governance Statement
						Markets Management Report
						Whistleblowing Policy

Meeting Date	Internal Audit Reports	External Audit Reports	Accounts / Financial Management	Risk Management	Ethical Governance	General Controls / Assurance Other
16 September 2015	Internal Audit Progress Report (April – August)	Report to Those Charged With Governance (ISA 260 Report) 2014/15	Statement of Accounts 2014/15	Corporate Risk Register Update Q1	Report of Ethical Governance Arrangements Including Review of Related Policies and Procedures	Annual Governance Statement
						Update Report on the implementation of Inspection and External Audit Recommendations
						Audit Committees – CIPFA Practical Guidance for Audit Committees and Police
						Update report on Peer Review of Corporate Governance Arrangements
						Progress on implementing outstanding Internal Audit recommendations

Meeting Date	Internal Audit Reports	External Audit Reports	Accounts / Financial Management	Risk Management		General Controls / Assurance Other
November 2015 TBC		Annual Audit Letter 2014/15	Report on any non-compliance with Financial Procedure Rules and Contract Procedure Rules	Annual Review of Risk Management Policy		Performance Update – Doncaster Children’s Services Trust
				Corporate Risk Register Update Q2		Update Report on Governance of Significant Partnerships and Other Organisations
						Governance Plan Progress Report
						Update Report Danum Drainage Board
						Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA)

Meeting Date	Internal Audit Reports	External Audit Reports	Accounts / Financial Management	Risk Management	Ethical Governance	General Controls / Assurance Other
January 2016 TBC	Internal Audit Progress Report (September - December)	Certification of Claims and Returns – Annual Report 2014/15	Arrangements and Timetable for Preparation of Accounts			Update report on Progress against Annual Governance Statement actions
		Annual Audit Plan 2015/16				Update on Information Governance issues

Meeting Date	Internal Audit Reports	External Audit Reports	Accounts / Financial Management	Risk Management		General Controls / Assurance Other
April 2016 TBC	Annual Report of the Head of Internal Audit 2015/16		Report on any non-compliance with Financial Procedure Rules and Contract Procedure Rules	Corporate Risk Register update Q3		Annual Report of Audit Committee
	Internal Audit plan 2016/17					Annual Report On Standards Complaint Handling Activity 2015/16
	Review of Internal Audit Strategy and Internal Audit Charter					Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA)
						Update on the implementation of Inspection and External Audit Recommendations

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**To the Chair and Members of the
AUDIT COMMITTEE**

REVISED WHISTLE-BLOWING POLICY

EXECUTIVE SUMMARY

1. To encourage employees, workers, service users, stakeholders and members of the public to report their concerns to the Council the Council have revised its whistleblowing policy.

RECOMMENDATIONS

2. The Audit Committee is asked to note the revised whistle-blowing report and make any comments on the revisions.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

3. The Council is committed to maintaining the highest standards of governance including the elimination of fraud and corruption and to ensuring that all activities are conducted ethically, honestly, openly and accountably so as to protect public safety and public money. In addition, the Council expects the highest standards of conduct and integrity from all that have dealings with it including staff, councillors, suppliers, partners, volunteers and the public. Policies and procedures are in place to outline the standards required and enable any person to raise genuine concerns they may have about the conduct of anybody acting for or on behalf of the Council. The whistleblowing policy forms part of the Council's overall corporate governance framework.

BACKGROUND

4. The Council has a Whistleblowing Policy in place which is aimed at encouraging employees with serious concerns about any aspect of the Council's work to come forward and voice those concerns without fear of reprisals. It is intended to encourage and enable staff to raise serious concerns within the Council rather than overlooking a problem or blowing the whistle outside.
5. The Monitoring Officer has overall responsibility for the maintenance and operation of the Policy, which includes keeping a record of all whistleblowing cases. A summary of these cases will, in future, be reported to the Audit Committee as part of the Monitoring Officer's annual report on ethical governance activities. As the Whistleblowing Policy was last reviewed in 2010/11, the policy has been amended with the following:

- 5.1 The policy applies to members of the public, stakeholders, contractors as well as employees and workers.
 - 5.2 Whistle-blowers are asked to report their concerns to specific senior officers rather than to their managers. This ensures that senior management are aware of any matters and that the correct processes are followed and reported to the Monitoring Officer for the annual report.
 - 5.3 The policy gives clearer guidance to what is considered to be the sort of matters that amount to whistleblowing allegations.
 - 5.4 A factsheet and flow diagram have been drafted to assist people in understanding the policy.
 - 5.5 A number of good practice whistleblowing policies were considered whilst redrafting this policy and recent reports concerning whistleblowing in the NHS and at Rotherham were reviewed.
6. The Council recognises that the policy is only one step in ensuring an environment in which whistleblowing is encouraged. In addition:
- 6.1 An online course had been devised for all employees to take to better understand the process and the areas where whistleblowing is encouraged
 - 6.2 The policy will be available on the internet and intranet
 - 6.3 The new Policy will be promoted through the Council's information systems including updates for managers and for all staff. Updates will be provided for team briefing particularly to cover those that don't have internet access.
7. The Policy has been taken to the HR and TU Convenors Monthly meeting in March. They raised the following issues:
- 7.1 The union wanted assistance for employees wishing to bring a claim. At paragraph 8.8 of the Policy, provision has now been made for a Human Resources Organisational Officer to be allocated to an employee if they request to support them through the process.
 - 7.2 That the profile of the whistle-blowing policy be raised in team briefings and that those without internet access will be considered.
 - 7.3 Minor changes to the wording of the policy was recommended

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

8. Not applicable – this report is primarily for noting.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

9.

Priority	Implications
We will provide strong leadership and governance, working in partnership.	The work undertaken by the Audit Committee helps to ensure openness, transparency and probity in the way that the Council conducts its business. This, in turn, helps to increase the public's confidence in local governance and in the high ethical standards of their local representatives.

RISKS AND ASSUMPTIONS

10. There are no identified risks associated with this report.

LEGAL IMPLICATIONS

11. There are no specific legal implications associated with this report. The various policies and procedures outlined in this report refer to specific legislation where relevant.

FINANCIAL IMPLICATIONS

12. There are no specific financial implications arising from this report.

EQUALITY IMPLICATIONS

13. There are no specific equality implications arising from this report.

BACKGROUND PAPERS

14. The revised whistleblowing policy
Whistleblowing flowchart
Whistleblowing fact sheet

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WHISTLE-BLOWING POLICY

1. Introduction

- 1.1 Doncaster Council is committed to the highest possible standards of openness, probity and accountability. We expect that elected members and officers at all levels will protect the Council and its resources and lead by example, ensuring high standards of personal conduct and adherence to the Council's policies, procedures and rules.
- 1.2 In line with this commitment, we encourage employees, workers, elected members, school governors, partners, service users and citizens with any concerns about any aspect of the Council's work to come forward and voice those concerns.
- 1.3 Decisions as to whether to raise your concerns can often be a difficult decision to make. This policy outlines the whistleblowing process for all parties.
- 1.4 We will take all appropriate measures to protect both clients, including children and vulnerable people, and public funds and to reduce the risk of an irregularity occurring from either internal or external sources. Whenever an irregularity of any description is detected it will be investigated and prosecution, disciplinary and recovery action will be taken as appropriate. The action we take will be influenced by the irregularity or concern raised.

2. Our aims

- 2.1 This Whistle-blowing Policy is intended to encourage and enable you to raise any concerns within the Council, without fear of reprisals, rather than overlooking a problem or blowing the whistle outside.
- 2.2 Whilst the term "whistle-blower" usually refers to an employee, we intend this policy to be used by anyone wishing to raise a concern.
- 2.3 This policy aims to:
 - Provide avenues for you to raise concerns and receive appropriate feedback on any action taken.
 - Allow you to take the matter further if you are dissatisfied with the Council's response.and
 - Reassure you that you will be protected from possible reprisals or victimisation for whistle blowing providing that you have a reasonable belief that you have made a disclosure in the public interest. (Please note that the Public Interest Disclosure Act 1998 allows for specific protection for employees and workers that whistle-blow. Whilst this act does not extend to other parties, we aim to reassure all those who raise concerns that we take reprisals and victimisation extremely seriously).

3. What concerns are covered?

3.1 Whistle-Blower or Complainant?

3.2 Whistleblowing is basically the act of reporting concerns of wrong-doing so that they may be investigated and acted upon. The term whistle-blower is typically reserved for employees that whistle blow about actual or suspected wrong-doing within their own organisation. This policy covers however, is intended to cover employees, elected members, partners, customers or citizens. A whistle blow however, is not the same as a complaint.

3.3 A way to establish whether an individual raising a concern is a 'whistle-blower' or a 'complainant' is to consider the nature of the concern.

- If the concern is about wrong doing and affects others, e.g. the general public and not just 1 individual, family or household, then you are likely to be a whistle-blower
- If the concern affects only yourself, your family or household and is not about wrong doing, then you are likely to be a complainant

3.4 This whistle-blowing policy is intended to cover concerns and malpractice that fall outside the scope of other procedures such as something that –

- Is unlawful; or
- Is against the Council's Constitution or policies; or
- Falls below established standards or practice; or
- Amounts to improper conduct.

3.5 Examples of concerns and malpractice in this context may include:

- **Corruption or Bribery** - including offering or accepting a reward for performing or failing to perform an act which leads to a gain for the person offering the bribe.

E.g. the offering or acceptance, by any Council official or representative, of any incentive for them to do something that they should not such as make a decision contrary to policies or procedures, disclose information that they should not or provide or deny services contrary to policies or entitlements.

- **Theft** - the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possessions or their use.

E.g. the theft of asset / goods / stocks, misuse grants and public funds for purposes other than they were made available or theft of cash or equipment.

- **Fraud** – fraud is an act of deception intended for personal gain or to cause a loss to another party. The general criminal offence of fraud can include:

- deception whereby someone knowingly makes false representation in order to gain an advantage (this can include the intentional distortion of financial statements to conceal losses, mis-represent performance or conceal the misappropriation of assets)
- or they fail to disclose information for their own advantage
- or they abuse a position of trust for their own advantage

E.g the dishonest completion of claim forms such as benefits or grants claims in order to secure a grant or benefits to which someone is not entitled. Dishonest completion of expenses claims or mileage claims, abuse of Council services for personal use, dishonest awards of contracts to family or friends, dishonest manipulation of performance information or targets to award pay increments or other incentives etc

- **Failure to observe, and breaches of, the law and statutory responsibilities** including;

- Dangerous procedures risking health and safety to the public and/or employees,
- Damage or the risk of damage to the environment by inappropriate, dishonest or negligent acts
- Abuse or bullying of clients including children and vulnerable people,
- Abuse of or a failure to properly protect children and vulnerable people by Council officers or members either through their action or inaction
- Failure to observe, or breaches of The Constitution, Scheme of Delegation, Contract Procedure Rules and Financial Procedure Rules or other policies
- Inappropriate use of council assets such as vehicles, machinery, computers or software licenses

3.6 Whilst the above examples are not exhaustive, it is clearly in the interest of all parties to identify any instances of these acts, deal with those responsible and take appropriate steps to prevent (where possible), such things from happening again. Whistleblowing concerns are always serious issues and will be treated as such.

3.7 **Examples of complaints and issues that fall outside of the whistleblowing policy are:**

- Employee grievances such as bullying or harassment
- Disputes over pay, bills, tenancies, leases etc (except where there are suspicions of wrong-doing)



- Dissatisfaction with a local or government policy
- Dissatisfaction with the quality or level of service received from the Council (except where there are suspicions of wrong-doing)
- Dissatisfaction with a Council decision (except where there are suspicions of wrong-doing)

There are existing procedures in place to enable service users to complain through the

Council's Complaints Procedure

<http://www.doncaster.gov.uk/talktous/complaintsandcompliments/index.aspx>

The Grievance Policy / Procedure

This policy is for employees wishing to lodge a grievance relating to their own employment (Please note that this link will only work for employees accessing this information from the Council's intranet site. A copy of this policy is available from Human Resources or from your line manager if you cannot access this system)

<http://intranet.doncaster.gov.uk/directorates/finance-corporate-services/grievance>

3.8

Bullying and Harassment Policy / Procedure

This policy is for employees wishing to report bullying or harassment at work. (Please note that this link will only work for employees accessing this information from the Council's intranet site. A copy of this policy is available from Human Resources or from your line manager if you cannot access this system)

<http://intranet.doncaster.gov.uk/directorates/finance-corporate-services/bullying-and-harassment-policy-and-procedure>

4. Employee/Worker protection

- 4.1 Employees are often the first to realise that there may be something wrong within the Council. However, they may decide not to express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. This policy makes it clear that staff can report concerns without fear of reprisal. This policy is intended to encourage and enable staff to raise serious concerns within the council rather than overlooking a problem or blowing the whistle outside.
- 4.2 The Council's policy is reinforced by the Public Interest Disclosure Act 1998 and provides statutory protection to employees and workers making disclosures. Protections are afforded to employees and workers where they report a concern provided that they reasonably believe their claim is in the public interest. Employees and workers should not make a false or malicious allegation and not seek to gain personally from raising the

concern. Action may be taken against those individuals that do.

5. Safeguards – Harassment and Victimisation

5.1 The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Council will not tolerate harassment or victimisation and will take action to protect you when you raise a concern in good faith.

6. Anonymous Allegations & Confidentiality

- 6.1 Any concerns you raise will be treated seriously and confidentially and investigated as appropriate. During our investigations, we will treat any information you give us confidentially. However, whilst we endeavour to protect you, we also need to ensure that we fairly investigate the concern. This may mean that some of the details passed to us need to be passed on to the person being investigated in the interests of a fair investigation / hearing. In these instances, we may not be able to investigate your concerns without revealing some of the details you give us.
- 6.2 We will take all steps possible to protect your identity and confidentiality, where it is not possible to investigate the concerns without compromising this, we will discuss this with you first. If you request to remain anonymous, all efforts will be made to ensure this is respected and if at all possible, the Council, if requested, will not reveal its source.
- 6.3 We recognise that, despite any protections in place, you may want to raise your concerns anonymously. We strongly recommend that you include your name and contact details in any concerns raised. Concerns raised anonymously can be harder to investigate and without your details, it is impossible to ask you for further clarity or information.
- 6.4 Any concerns raised anonymously will still be considered, but it may not be possible in all cases to investigate them.
- 6.5 The factors to be taken into account in determining whether to proceed with an anonymous allegation would include –
 - The seriousness of the issues raised;
 - The credibility of the concern; and
 - The likelihood of confirming the allegation from attributable sources without your information / statements.

7. Untrue Allegations

- 7.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you.
- 7.2 If, however, you make malicious or vexatious allegations, legal or disciplinary action may be taken against you.

8. How to raise a concern

- 8.1 This depends on the nature of the concern and the seriousness and sensitivity of the issues involved and who it is thought to be involved in the malpractice. Whistleblowing is always a serious matter and whistleblowing routes should only be used to raise serious concerns. Please see section 3.4 for further information on the serious issues that should be raised under this policy.
- 8.2 Concerns are best raised as early as possible. The earlier you raise a concern, the easier it is to investigate and take action on. Early whistleblowing minimises the impact on the Council and its stakeholders.
- 8.3 Although you are not expected to prove the truth of an allegation, you will need to demonstrate to the person contacted that there are sufficient grounds for your concern. We request that you do not investigate the concern yourself in any way as this can sometimes compromise any evidence that we need to examine in order to investigate and take appropriate action on any concerns.
- 8.4 Please use the details below to contact us about your concern. Please note that you may invite your trade union, professional association or representative to assist you in raising a concern.

Emergencies

If the concern relates to an immediate endangerment to life or to suspected terrorism you should contact the police by telephone on 999.

- 8.5 **Employee whistleblowing** should be raised within the Council with either;
- The Monitoring Officer, Roger Harvey TheMonitoringOfficer@doncaster.gov.uk.
 - Head of Internal Audit, Colin Earl
 - Director of Finance and Corporate Services, Simon Wiles
 - The Assistant Director for Financial services, Steve Mawson
 - The Assistant Director of Human Resources and Communications, Jill Parker or
 - The Chief Executive, Jo Miller
- 8.6 Any concerns in writing should include as much detail as you are able to provide. Where possible, please set out the background and history of the concern, giving names, dates and places where possible, and the reason why you are particularly concerned about the situation. The more information you provide us with, the better we are able to assess your concerns and determine the right course of action.

- 8.7 If you do not feel able to put your concern in writing, you can telephone or email any of the officers. above, or email: TheMonitoringOfficer@doncaster.gov.uk. You do not have to give your name if you do not want to
- 8.8 The Council is keen to encourage employees to raise concerns and an employee may speak in confidence to a whistleblowing support officer located in Human Resources OD (who will be allocated on request from the Assistant Director of Human Resources and Communications) who can provide advice and support independent from any investigation or process.

8.9 Elected members, school governors, service users, partners and citizens

- 8.10 Concerns should be raised with either the Head of Internal Audit, Director of Finance and Corporate Services, the Monitoring Officer, or Chief Executive.

This can be by letter to:
Civic Office,
Waterdale,
DN1 3BU,

Telephone (01302 736000) or by email.

- 8.11 Advice and guidance on how matters of concern may be pursued can be obtained from the same sources.

9. Concerns about safeguarding and the protection of vulnerable adults or children.

- 9.1 The Council takes seriously its responsibilities regarding the safeguarding of vulnerable adults and children. Any concerns relating to safeguard issues are likely to be dealt with via other policies and procedures.
- 9.2 Safeguarding concerns regarding children are dealt with by the Doncaster Children's Trust. Any concerns raised regarding children's safeguarding will be shared with the Children's Trust and may be investigated by the Trust rather than the Council.
- 9.3 If you have concerns regarding abuse to vulnerable adults or children you may also contact the Safeguarding Adult and Children teams rather than using this policy. Information on raising such concerns has been linked to below.

Adults –

http://www.doncaster.gov.uk/sections/socialcareforadults/howtoraiseconcerns/Safeguarding_Adults.aspx

Children –

<http://www.doncasterchildrenstrust.co.uk/reporting-concerns-about-a-child>



- 10.1 The action taken by the Council will depend on the nature of the concern. The matters raised may :
- Be investigated internally (you will be advised if it is considered that the matter falls within the grievance or complaints or another procedure - the decision whether it falls outside of the whistleblowing procedure will be done in consultation with the Monitoring Officer and Assistant Director of Human Resources and Communications).
 - Be referred to the Police
 - Be referred to the external Auditor
 - Form the subject of an independent inquiry
- 10.2 Where a concern is about fraud, theft, bribery or corruption, Internal Audit Services will be notified and involved / consulted in any subsequent investigation. Internal Audit are required by professional standards to maintain a register of any such concerns and the results of any investigations into them.
- 10.3 In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take and who should undertake it. Concerns or allegations that fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 10.4 Some concerns may be resolved by agreed action without the need for investigation.
- 10.5 Providing that you have given us contact details, we will write to you within 20 working days :-
- Acknowledging that the concern has been received
 - Indicating how we proposes to deal with the matter
 - Giving an estimate of how long it will take to provide a final response
 - Telling you whether any initial enquiries have been made, and
 - Telling you whether further investigations will take place, and if not, why not.
- 10.6 The amount of contact between those considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information originally provided. If necessary, further information / clarification will be sought from you.
- 10.7 When any meeting is arranged, you have the right, if you so wish, to be accompanied by a union or professional association representative or a representative who is not involved in the area of work to which the concern relates.
- 10.8 It is important for you, the whistle-blower, that concerns are properly reviewed and addressed. Whilst we must comply with relevant legislation including the Data Protection Act, we will keep you informed as to the outcome of any investigation. Please be aware

that specific personal information relating to individuals cannot be released. This will include details of any action taken against individuals.

11. How the Matter can be Taken Further

11.1 This policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points :

- An elected Member of the Council
- KPMG, The Council's external auditor
- Relevant professional bodies or regulatory organisations
- Your solicitor
- The Police
- Public Concern at Work
- Trade Union/Professional Association
- The Local Government Ombudsman

11.2 If you do take the matter outside the Council, you need to ensure that you do not disclose information that is privileged or confidential to the Council and if you are an employee, do not breach your obligations under the Council's Code of Conduct for Employees. Whilst all of the code is important, paragraph 15 - 15.2 concerning contact with the press and media is particularly relevant.

Excerpt from the Code of Conduct for Employees - Contact with the Press and Media

15.1 The Council has a Head of Communications whose role is to deal with the press and media and offer advice and guidance to Directorates in the preparation of information and publicity for their services.

15.2 Unless specifically nominated and authorised by the Chief Executive or the Chief Officer of the Department concerned, employees are not permitted to give reports or speak to the press and media on matters relating to employment with the Council, Council business or decisions of the Council. Employees with this responsibility should guard themselves against declaring a view which is contrary to a position taken by the Council and which may be deemed to be critical of that decision.

11.3 To view the Code of Conduct for Employees click the following link (please note that this is only available to employees with access to the Council's intranet site. If you do not have access to this site, please contact your line manager for a copy of this code).-

<http://intranet.doncaster.gov.uk/directorates/finance-corporate-services/code-of-conduct>

12. Officer Responsibility and Reporting to Monitoring Officer

- 12.1 The Responsible Officer, who is the Monitoring Officer, has overall responsibility for the maintenance and operation of this policy.
- 12.2 If a whistleblowing complaint is made to any officer other than the Monitoring Officer, they must provide the details on the Whistleblowing report form as soon as possible after the complaint has been made. Once the issue / concern has been dealt with they must inform the Monitoring Officer of the outcome.
- 12.3 If an officer considers a whistleblowing complaint falls outside of the whistleblowing procedure this decision must be taken in consultation with the Monitoring Officer and Assistant Director of Human Resources and Communications.
- 12.4 The Officer investigating the whistleblowing concern may contact the Monitoring Officer who will allocate a suitable officer to provide support and guidance on the process.
- 12.5 The Monitoring Officer will maintain a record of concerns raised and action taken in a form which does not endanger confidentiality and will report as necessary to the Council.
- 12.6 Where a concern is about fraud, theft, bribery or corruption, Internal Audit Services will be notified and involved / consulted in any subsequent investigation. Internal Audit is required by professional standards to maintain a register of any such concerns and the results of any investigations into them.

13. Evaluation

- 13.1 The success of this policy may be assessed by:
 - The number of reported incidents of malpractice
 - Monitoring whether individuals feel able to report occurrences without fear or favour
- 13.2 The Monitoring Officer presents an annual report to the Audit Committee detailing the whistleblowing complaints received in the year. A report is also produced by Internal Audit Services for the Audit Committee that details identified frauds and other corrupt activities uncovered. These reports can be accessed on the Council Chamber element of the website www.doncaster.gov.uk

14. Other related policies and procedures

- Anti-Fraud, Bribery and Corruption Framework
- Complaints Procedure
- Employee Code of Conduct
- Grievance Policy and Procedure



- Harassment and Bullying Policy and Procedure
- Members Code of Conduct

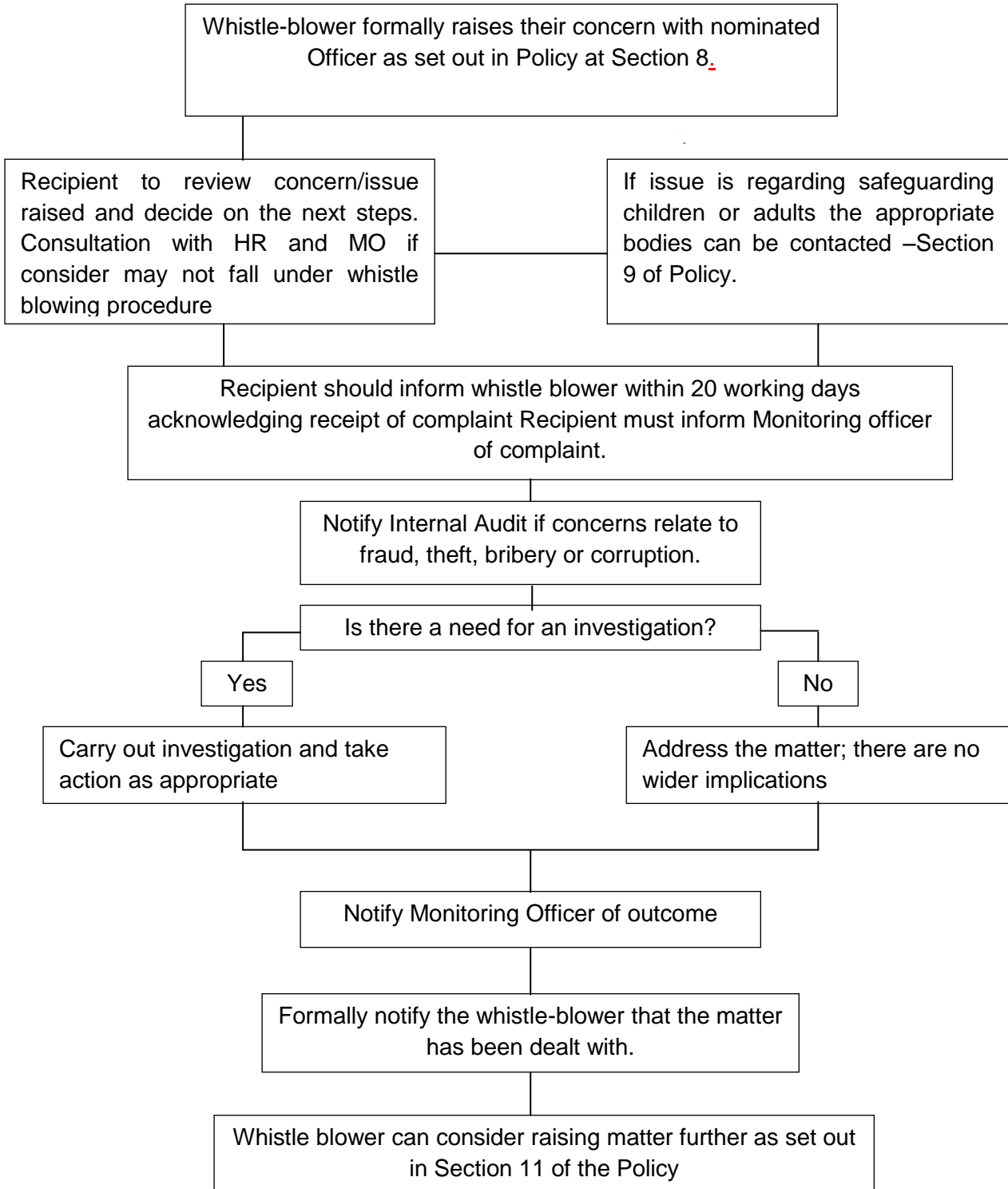
15. Communications and Publicity

- 15.1 Training on and awareness of this policy, for all employees, will be through one or more methods e.g. the Council's induction process, fraud awareness training, whistleblowing e-learning module (Link to be attached), literature and team briefings.

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Whistle-blowing flowchart



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Whistle-blowing Fact Sheet

Doncaster Council is committed to the highest possible standards of openness, probity and accountability and expects that Members and officers / employee at all levels will protect the Council and its resources and lead by example, ensuring high standards of personal conduct and adherence to the Council's policies, procedures and rules.

What is whistle-blowing?

Whistleblowing is basically the act of reporting concerns of wrong-doing so that they may be investigated and acted upon. The term whistle-blower is typically reserved for employees that whistle blow about actual or suspected wrong-doing within their own organisation. This policy however, is intended to cover employees, elected members, partners, customers or citizens. Whistle blows are always about serious concerns such as breaches of the law, endangerment of individuals or the environment or serious breaches of policy. These are different from complaints or employee grievances which typically only affect 1 person or a family and are usually about dissatisfaction with the level of service received or employment issues.

What sort of “concerns” are covered?

The whistleblowing policy covers a wide range of serious concerns. Some examples are shown below.

- **Corruption or Bribery** – The offering or acceptance of any form of incentive, money or other benefit, by an employee to do something that they know that they shouldn't such as award a contract to the bribing party or provide confidential or sensitive information to another party.
- **Theft** .- The taking of property that belongs to someone else, dishonestly and without permission with the intent to deprive them of it. Such as the taking of cash, stocks or assets such as vehicles or equipment.
- **Fraud** – an act of deliberate deception made with the intent to gain a benefit from that deception or cause a loss to someone else. This can include deception by making a false statement, representation or claim, by deliberately withholding information or by abusing a position of trust for the individuals own personal benefit.
- **Dangerous practices** risking the health and safety of employees, contractors or the public.
- **Acts that risk serious damage to the environment**
- **Abuse or bullying** of clients including children and vulnerable people,
- **Failure to observe procedures**, or breaches of The Constitution, Scheme of Delegation, Contract Procedure Rules and Financial Procedure Rules.
- **Misuse of Assets** – The misuse of any assets for personal benefit such as vehicles, equipment etc

What happens when I raise a concern?

When you raise a concern to any of the people nominated in the Whistleblowing Policy, the details of your concern will be logged by the Monitoring Officer. If the issue raised is a complaint or an employee grievance, you will be referred to the correct procedure for raising such concerns. For all whistleblowing concerns, checks will be undertaken in the background to gather further information to attempt to find out whether the concerns raised are correct. Based on this, a decision will then be taken as to how is best to investigate the concern and who is best equipped to do this.

If you raise any concerns about fraud, bribery or theft, Internal Audit Services will also be informed so that the details can be recorded on the fraud register.

Can I raise a concern without giving my name?

People are often reluctant to raise concerns because they fear what could happen to them as a result. The Council will not tolerate harassment or the victimisation of those that raise such concerns and will take action against such instances.

You don't have to give your name or contact details when making a whistle blow. If you choose not to give your name, it may make it harder for us to investigate your concerns as we won't be able to ask you further questions or get further clarification on your concerns. This could mean that we may not be able to investigate your concerns fully or that we are unable to take further action if we are unable to find any other evidence other than your observations / statements.

Employees can receive guidance in confidence with regard to a whistleblowing matter through a whistleblowing support officer located in Human Resources OD who will be allocated on request to the Assistant Director of Resources and Organisational Development.

How do I report a concern?

Concerns are best raised in writing but we recognise that this is not always possible. However you choose to report your concern, you should try to give us as much information as possible about it. Such as, who the concern is about, what actions you are concerned about, times, dates, places, details of other people who may have witnessed the issue, whether the action you are concerned about is a one off or whether there have been other examples of it and details of anyone else that may be involved. It is also helpful to give us background information on how you are aware of the concerns if you can.

If your concerns relate to an immediate threat to life or terrorism, you should call the Police by telephone on 999.

Other whistleblowing concerns can be raised by with the following officers: -

- The Monitoring Officer Roger Harvey TheMonitoringOfficer@doncaster.gov.uk.
- Head of Internal Audit Colin Earl
- Director of Finance and Corporate Services Simon Wiles
- The Assistant Director for Financial services Steve Mawson
- The Assistant Director of Human Resources Jill Parker
- The Chief Executive Jo Miller

If you prefer to send in your details by post, please address it to:-

The Monitoring Officer,
Civic Office, Waterdale, DN1 3BU,

Agenda Item No. 7
16 July, 2015

To the Chair and Members of the
AUDIT COMMITTEE

ANNUAL PAYROLL OVERPAYMENTS UPDATE REPORT – 2014/2015

EXECUTIVE SUMMARY

1. This report provides the Audit Committee with an annual update on the progress of recovery action in relation to salary overpayments for both current employees and those who have since left the Council over the last financial year 2014/15. The report also highlights the overall outstanding salary overpayment debt. This is summarised below and shown in the Appendices to this report.
2. The outstanding debt owed to the Council as at 31 March 2014 amounted to £392,425 relating to 421 cases, made up of both debt owed on the HR Portal (payroll system) £40,005 (40 cases) and on the Accounts Receivable (Debtors) system £352,420 (381 cases).
3. Although a further £215,496 of debt occurred during the financial year 2014/15, relating to 577 cases, the average value has significantly reduced from £620 to £373 per person; which is a reduction in the overall percentage value of the total payroll payments made in the year from 14 pence in every £100 to 11 pence in every £100.
4. 33% of the current year's debt totalling £70,155 (308 cases) occurred with current employees who did not require a debt recovery plan as it is being recovered at source through the payroll system. By year end, a total of £80,260 (302 cases) has already been recovered directly through the payroll system, including £34,366 (30 cases) from the outstanding balance as at 31 March 2014.
5. The overall debt raised in the current year on the debtors system, making up the remaining 67% totalled £145,341 relating to 269 cases. One of the main reasons for salary overpayments occurring still remains as late notification by managers, particularly for those employees leaving the Council's employment. This is further exacerbated by the fact that the Council's pay date occurs in the middle of the month i.e. employees are paid two weeks in advance and two weeks in arrears.
6. By year end a total of £165,758 (245 cases) has been recovered through the Council's debtor's system. This includes both current and previous year's debt. In addition, 29 cases worth £9,438 of irrecoverable payroll overpayments were written off in 2014/15, relating to cases that were uneconomical to pursue. A further 64 cases totalling £60,366 has been identified for write off due to the age of the debt, but this will not take effect until 2015/16 financial year.

6. The overall position remains positive in that the outstanding balance of debt owed to the Council at 31 March 2015 has reduced by a further 10% to £352,465 and although the number of cases has remained constant from 421 to 422 cases compared to last year, the individual monetary amounts are much smaller and are being recovered quickly. Furthermore, the amount recovered has continually increased over the last 3 years. A full breakdown and summary analysis is set out in the attached Appendix A.
7. A number of key actions are now in place to continue to recover the outstanding debt and to minimise the occurrence of future debt.

RECOMMENDATIONS

8. The Audit Committee is asked to note the report, the key actions in place and the detailed breakdown and summarised analysis provided in Appendix A attached.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

9. Failure to prevent and recover overpayments will have a negative impact on resources available to the council for the provision and delivery of services to the people of Doncaster.

BACKGROUND

10. It was agreed at a previous Audit Committee meeting that an annual update report would be presented in relation to progress on the recovery action of salary overpayments taken through both payroll and debtors procedures, to monitor performance on both current year and past years. The report details salary overpayments that have occurred during the financial year 2014/15 and the overall outstanding salary overpayment debt owed to the Council. The source data used in generating this information was as at 31st March 2015.

PROGRESS ON RECOVERY ACTION

11. All outstanding cases have been reviewed and categorised for appropriate action. Where an overpayment occurs and the employee still works for Doncaster Council then the overpayment is recovered from future salary through the HR portal. Where however the employee has left the employment of Doncaster Council then an invoice is raised to recover the overpayment followed by reminder letters, referral to a collection agency or possible legal action should the debt remain outstanding through the debtors system. Only when all recovery action has been exhausted and the debt remains uncollected would it be considered for write off. The full breakdown of the remaining debt and a summarised analysis of where that is in the recovery process are also detailed in the attached appendix A.
12. The overall outstanding salary overpayment debt showed that the Council was owed £392,425 relating to 421 cases at the beginning of this financial year by current and former staff. A total of £40,005 relating to 40 cases was on the payroll system and a total of £352,420 relating to 381 cases remained on the debtors system which related to both recent cases and those that go back to previous years.

13. Over the course of the year 2014/15, new overpayments occurred to the value of £215,496 relating to 577 cases. This was made up of £70,155 (308 cases) on the payroll system (33%) and £145,341 (269 cases) on the debtors system (67%). £80,260 of debt relating to 302 cases (including £34,366 (30 cases) from the outstanding balance as at 31 March 2014) was successfully recovered at source against all debt held on the payroll system, eliminating the need to raise a debt recovery plan. On this basis, 73% of debt from current employees during 2014/15 has been recovered at source, with firm recovery plans in place for the remaining £29,900 to be recovered during 2015/16.
14. One of the main reasons for salary overpayments occurring still remains as late notification by managers, particularly for those employees leaving the Council's employment. This is further exacerbated by the fact that the Council's pay date occurs in the middle of the month i.e. employees are paid two weeks in advance and two weeks in arrears. Guidance is regularly communicated out to managers to help them understand and follow appropriate procedures to reduce the occurrence of overpayments and they are regularly challenged by HR Officers when overpayments do occur. Although the number of cases has remained static, the amounts involved are significantly lower, averaging at £373 per person, compared to £620 per person last year.
15. A total of £165,758 worth of debt relating to 245 cases was also successfully collected through the debtor processes during this financial year. In addition, a further 29 cases worth £9,438 of irrecoverable payroll overpayments were written off in 2014/15. These related to cases that were uneconomical to pursue. A further 64 cases totalling £60,366 has been identified for write off but this will not take effect until 2015/16 financial year. The full analysis is referenced in Appendix A.
16. This now leaves an outstanding balance of £352,465 relating to 422 cases going into 2015/16. The overall position remains positive in that the outstanding debt owed to the Council has reduced by a further 10% compared to last year, despite having an additional £215k worth of debt in the current year. This downward trend has continued over the last 3 years. From the full breakdown set out in the attached Appendix A, just less than half (44%) of all outstanding cases (165) are actively paying through repayment plans; with a further 26% (147 cases) being written to in pursuit of their outstanding debt or to reinstate instalments. The remaining 30% (64 cases) have already been identified for write off due to all recovery processes being exhausted, but will not take effect until 2015/16 financial year.

FUTURE ACTIONS

17. As Rotherham Council now provide and manage the payroll processing system on behalf of Doncaster through a shared service arrangement, they have a full suite of checking processes in place to reduce the incidence and value of salary overpayments and are able to take more timely action in recovering overpayments that occur. In addition, every six months, managers are now required to 'sign off' a report to say their staff and their salaries are correct thus providing a more robust check for accuracy. Managers and staff have received training and are now able to

monitor their own staff on line in real time through performance scorecards and these are contributing to reducing the occurrence of future overpayments.

18. Collection on the debtors system is improving and additional effort is being targeted in improving collection and managing the process in a more speedy and efficient manner including actively chasing and issuing reminders; although this still needs to improve in terms of consistency and timeliness, especially in taking action to identify and process unrecoverable debt for write off.
19. However, due to the age of some of the historical debt and in cases where there has not been any contact from the debtor for some time, in order that further action could be taken on recovering these debts, further reminder letters were recently issued (93 cases for £53k). As a result, £22k will now be referred to collection agencies the debtor having recently received their final reminder letter, £11k will receive their final reminder letters in July 2015, £9k has been disputed, £8k has been paid or plans are in place for the debt to be paid by instalments, new addresses have been obtained for £2k worth of debt and £1k will require writing off.
20. It should be recognised that the vast majority of payroll transactions are correct, evidenced by the current reported average payroll accuracy rate of 99.75% (detailed in Appendix A) with only 387 (0.25%) errors made during the year compared to 470 (0.30%) last year. Not all of these errors though will have generated overpayments. However, those that are as a result of an overpayment are mainly due to late notification of leavers or changes of circumstances (such as special leave) rather than payroll administrator error. This late notification my managers also presents a case for change opportunity to review the current pay date for salary payments. One option would be to consider moving the pay date to the end of the month, thus eliminating the current practice of paying employees two weeks in arrears and two weeks in advance. This case for change is currently being considered as part of the wider modern and productive workforce project as part of the Council's Improvement Programme.
21. It should also be noted that there will always be some occurrence of overpayment, and that the levels now being reported are determined as more reasonable and manageable than in previous years; and with the actions outlined in this report, this is contributing to reducing these occurrences to a minimum with the aim of reducing the pence value if every £100 year on year. This year totalled 11 pence in every £100, (0.11%) compared to 14 pence in every £100 (0.14%) last year) of total payments made.

FUTURE REPORTING

22. The audit committee will continue to receive annual progress reports on recovery action taken in relation to salary overpayments for both current employees and those who have since left the council over the last financial year and previous years where this remains relevant; as well as highlighting on-going improvements made to payroll processing to ensure any overpayments occurring are kept to a minimum.

OPTIONS CONSIDERED

23. There are no other options that are appropriate for consideration

REASONS FOR RECOMMENDED OPTION

24. Appropriate and effective actions need to be in place and monitored on a regular basis to reduce the likelihood of errors and minimise the impact where overpayments do occur.

IMPACT ON THE COUNCIL’S KEY PRIORITIES

25.

	Priority	Implications
	<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster’s vital services</i> 	
	<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting</i> 	

	<i>Doncaster's vital services</i>	
	We will deliver modern value for money services.	It is important that the Council avoids overpayments wherever possible and successfully recovers overpayments in a timely manner. This will reduce any impact on available finances for funding activities designed to meet the Council's key objectives.
	We will provide strong leadership and governance, working in partnership.	

RISKS & ASSUMPTIONS

26. Failure to prevent and recover overpayments will have a negative impact on resources available to the Council for the delivery of services. Actions have been taken to reduce the likelihood of errors and minimise the impact where they do occur.

LEGAL IMPLICATIONS

27. The Council's legal position with regard to recovery of amounts paid is taken into account when reaching agreements for the repayment of overpayments.

FINANCIAL IMPLICATIONS

28. The total outstanding debt as at 31st March 2015 was £352,465.
29. £29,900 of this debt is being recovered through the HR Portal (payroll) system and it is anticipated that all of this debt will be recovered.
29. £322,565 of this debt is being recovered through the Accounts Receivable (debtors) system. It is proposed that £60,366 in irrecoverable payroll overpayments are written off in 2015/16 (this is subject to a separate Officer Decision Record). The cost to the council in 2015/16 of this write-off is £35,665 (£24,701 is provided for in the council's bad debt provision and so is already accounted for).
30. The remaining £262,199 outstanding debt after the write off is being recovered through the Accounts Receivable (debtors) system, however, some of the debt has already been provided for in a bad debt provision. The table below shows a breakdown: -

Total debt	£262,199
Less already provided for in bad debt provision	£82,749
Potential cost to General Fund	£179,450

31. The £179k represents the cost to the General Fund if all debt was written off; however, the majority of the debt is expected to be recovered.

HUMAN RESOURCES IMPLICATIONS

32. The human resource implications are included within the body of the report.

TECHNOLOGY IMPLICATIONS

33. There are no technology implications.

EQUALITY IMPLICATIONS

34. There are no equality implications.

CONSULTATION

35. Appropriate consultation takes place with individuals affected and their managers where necessary with regard to the recovery of overpayments.

This report has significant implications in terms of the following:

Procurement		Crime & Disorder	
Human Resources	X	Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

36. None

REPORT AUTHOR & CONTRIBUTORS

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Simon Wiles
Director of Finance and Corporate Services

Overall outstanding salary overpayments – As At 31 March 2015

	Accounts Receivable (Debtors) System		HR Portal (Payroll) System		Overall Value (£'s)
	No cases	Total Value (£'s)	No cases	Total Value (£'s)	
Balance Outstanding As At 31/3/14	381	352,420	40	40,005	392,425
Plus Total Amount Raised in 14/15	269	145,341	308	70,155	215,496
Less total Amount Recovered in 14/15	245	165,758	302	80,260	246,018
Less Amount Written Off in 14/15	29	9,438	0	0	**9,438
Balance Outstanding As At 31/3/15	376	*322,565	46	29,900	352,465

*** Breakdown in table below of recovery activity categories**

Description	No of cases	Total Value (£'s)
Balance Outstanding As At 31/3/15	381	322,565
Paying by instalments	165	136,832
First Reminder Letter	4	3,755
Second Reminder Letter	6	10,501
In Liquidation	2	12,272
Gone Away	1	2,048
Collection Agency	11	8,923
Awaiting write off (actioned in April 2015)	64	60,366
Recovery not yet due (recently raised invoice)	24	9,551
Payment plan proposed	11	24,935
Recovery action reinstigated	93	53,383

**** Write Off Analysis in table below**

Description – Irrecoverable Due to:	No of cases	Total Value (£'s)
Uneconomical to pursue	29	9,438
Exhausted all recovery including Legal Action		
Age of debt		
Unable to trace		
Debtor bankrupt/deceased		
Overall Total	29	9,438

To note: A further 64 cases totalling £60,366 has been identified for write off due to the age of the debt but this will not take effect until 2015/16 financial year.

Comparative Performance Year on Year Over last 3 Years

Year	Outstanding Debt As At Year End		Percentage Improvement	Amount Recovered Value (£'s)	Percentage Improvement
	Cases	Value (£'s)			
2012/13	575	491,690		180,005	
2013/14	421	392,425	20% lower	234,750	24% increase
2014/15	422	352,465	10% lower	246,018	5% increase
			Average 15% improvement		Average 15% improvement

The overall performance of recovery have continually improved over the 3 year period.

Payslips Produced and Accuracy Rates for 2013/14

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
No. pay records generated	13,215	13,251	13,468	13,274	13,362	12,720	12,843	12,906	13,047	12,861	12,848	12,851
No. of payroll errors due to HR Centre	115	83	26	31	32	38	15	50	21	37	16	6
Performance target %	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Actual Performance %	99.13	99.37	99.81	99.77	99.76	99.70	99.88	99.61	99.84	99.71	99.88	99.95

Based on the figures above a total of 156,646 payslips were produced during 2013/14, with an average accuracy rate of 99.70%.

Payslips Produced and Accuracy Rates for 2014/15

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
No. pay records generated	12,681	12,707	12,653	12,784	12,789	12,637	12,940	13,056	12,901	12,766	12,781	12,851
No. of payroll errors due to HR Centre	47	19	9	9	7	13	19	57	95	65	14	33
Performance target %	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Actual Performance %	99.63	99.85	99.93	99.93	99.95	99.90	99.85	99.56	99.26	99.49	99.89	99.74

Based on the figures above a total of 153,546 payslips were produced during 2014/15, with an average accuracy rate of 99.75%.

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To the Chair and Members of the AUDIT COMMITTEE

RISK MANAGEMENT – REVIEW OF POLICY AND Q4 UPDATE

EXECUTIVE SUMMARY

1. The purpose of this report is to provide a progress update on strategic risks for Quarter 4 2014/15 and report the results of the light touch review of the Risk Management Framework.
2. In quarter 4 there were 15 strategic risks linked to the Corporate Plan; these are highlighted in Appendix A. The risk around 'sickness' has been nominated for demotion. The strategic risk register is currently under review as part of the Corporate Plan refresh and will be highlighted in the 2015/16 quarter 1 report to Audit Committee.
3. The Council's approach to risk management has been reviewed by qualified Management of Risk Practitioners within the Corporate Policy and Performance Team. The revised documents are attached as Appendix B

RECOMMENDATIONS

4. The Audit Committee members are asked to:
 - a) Note and comment on the report;
 - b) Note and comment on the revised Risk Management Framework (Appendix B)
 - c) Note and comment on the key development areas (paragraph 8)

BACKGROUND

5. The profiles of strategic risks for quarter 4 are set out in Appendix A and are reported in order of risk score, highest to lowest. The updates against each strategic risk now highlights the current position, the mitigating action and the target risk score – as requested by Audit Committee. The Strategic Risk around sickness has been nominated for demotion as part of the quarterly review process.
6. The Council requires an annual review of its Risk Management Framework, to incorporate lessons learned and to continually improve the management of risks. The review was carried out in May 2015, to support the service planning process, by qualified Management of Risk Practitioners within the Corporate Policy and Performance Team. A 'light touch' approach was used as the framework

underwent a through in 2013 following a Risk Management Health Check undertaken by Zurich.

7. The following Risk Management Framework documents have been reviewed (Appendix B):

- Risk Management Policy
- Risk Management Process Guide
- Risk Management Toolkit

The table below provides a summary of the changes made to each document. As the Risk Management Policy has not changed there is no requirement to go through the formal approval process.

Document	Change
Risk Management Policy	No change
Risk Management Process Guide	Section 6 Implement <ul style="list-style-type: none"> • Update on treatment of Operational Risks that may be escalated to Strategic Risks • Change to presentation method of risk registers in quarterly performance reports Section 12 Projects & Partners <ul style="list-style-type: none"> • Updated to reflect the adoption of the Council's Partnerships' Governance Guidance Section 13 Advice, Guidance & Training <ul style="list-style-type: none"> • Contact details updated
Risk Management Toolkit	Step 2 Assessment <ul style="list-style-type: none"> • Guidance added on detail to include when assessing Strategic Risks Sections updated to reflect updated Covalent system <ul style="list-style-type: none"> • Step 4 Profiling Risks on Covalent • Step 5 Review • Step 6 Reporting Risk Management Template <ul style="list-style-type: none"> • Likelihood and impact scores added to risk rating matrix to assist calculation of risk score
All	To assist version control, each document has 'Version 1.2 May 2015' added to its title page

8. The key development for risk management over the next year is to:

- Improve the embedding of the Risk Management Framework;
- Assess the effectiveness of the current identification of risk;
- Review the guidance and effectiveness of the 'risk' section of the Corporate Report format

EXEMPT REPORT

9. Not Applicable

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

10. The embedding of robust risk management arrangements within the Council incorporating the management of strategic risks creates an environment in which we can successfully meet our objectives to deliver Doncaster’s priorities and the Mayoral Priorities Outcome Framework.

OPTIONS CONSIDERED

11. Not Applicable

REASONS FOR RECOMMENDED OPTION

12. Not Applicable

IMPACT ON THE COUNCIL’S KEY PRIORITIES

12.

Priority	Implications
We will support a strong economy where businesses can locate, grow and employ local people.	The embedding of robust risk management arrangements within the Council will contribute to the effective delivery of all the Council’s key priorities
We will help people to live safe, healthy, active and independent lives.	
We will make Doncaster a better place to live, with cleaner, more sustainable communities.	
We will support all families to thrive.	
We will deliver modern value for money services.	
We will provide strong leadership and governance, working in partnership.	

RISKS AND ASSUMPTIONS

13. Consideration of the effective development and operation of risk management within the Council is an important governance and performance management process which helps to reduce risks that could prevent or delay delivery of objectives. The Risk Management Policy includes a requirement to review strategic risks on a quarterly basis and this is a matter of good management and good governance.

LEGAL IMPLICATIONS

14. Any specific implications will be reported separately and in the context of any initiative proposed to be taken in relation to the management of strategic risk.

FINANCIAL IMPLICATIONS

15. Should any specific initiatives be required, in response to the management of strategic risks, any cost implications will be reported and addressed as and when they arise.

HUMAN RESOURCES IMPLICATIONS

16. There are no direct human resources implications resulting from this report

TECHNOLOGY IMPLICATIONS

17. There are no direct technology implications resulting from this report.

EQUALITY IMPLICATIONS

18. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. There are no specific equality implications arising from this report. However, any activities arising from the management of strategic risks will need to be the subject of separate 'due regard' assessments.

CONSULTATION

19. Consultation has taken place with strategic risk owners and Directorate Management Teams as part of the quarterly performance challenge process.

BACKGROUND PAPERS

20. Reports generated via Covalent for Directorate Q4 challenge meetings.

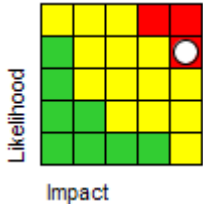
REPORT AUTHOR & CONTRIBUTORS

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Simon Wiles
Director of Finance and Corporate Services

Strategic Risk Register – Quarter 4 2014/15

The impact of the welfare reforms on communities and on Council Services

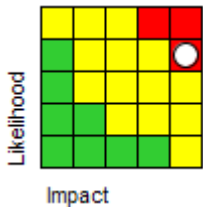


Current position The impacts of welfare reform continue to affect local people and are a risk to the achievement of the Council, and our partnership, objectives. It will be proposed that this strategic risk be replaced by one which considers the effects of poverty, as a whole, and is addressed by the Anti-Poverty Strategy Group.

Mitigating actions The second Anti-Poverty summit in January 2015 identified a series of commitments to address the effects of poverty on local people. The Anti-Poverty Strategy Group will monitor progress and report to the Doncaster Together Strategic Partnership.

Target risk profile Impact currently remains at '5 Critical', Likelihood '4 Likely', giving a score of 20. Mitigating actions are likely to prevent deterioration and maintain the profile score, due to the severity of the risk this currently acceptable.

A failure to identify, or to act on, areas of serious performance weakness in the Doncaster Children's Service Trust or in the Council, which could result in significant harm to a child or children which could have been avoided, or which could lead to an 'inadequate' judgement at Ofsted Inspection, which will negatively impact on the reputation of the local authority.

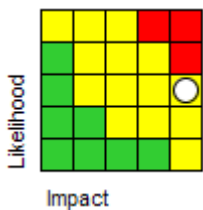


Current position - This Strategic Risk was added during the year following the establishment of the Childrens Trust

Mitigating actions - Ofsted inspection preparation is underway which will include self-assessment; dummy runs; data quality review and performance check and challenge strengthening. From the contract an escalation process is in place to address timeliness of reactions to underperformance.

Target risk profile - target currently remains at 5x4 as Childrens Trust has only been operational for 6 months. Target will be reviewed with the Trust.

Failure to apply agreed safeguarding standards and policies, increasing the risk of vulnerable children experiencing harm or abuse

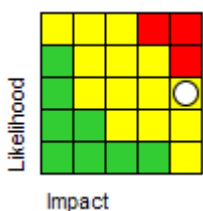


Current position - In view of transfer of responsibilities this risk should be retitled 'Failure to obtain assurance as to the safeguarding and protection of children in the borough'.

Mitigating actions - A new accountability framework has been put in place and is being developed to improve the quality of reporting in order to better facilitate effective check and challenge.

Target risk profile - target currently remains at 5x3 as Childrens Trust has only been operational for 6 months. Target will be reviewed with the Trust.

Failure to respond adequately to borough emergencies or mitigate effectively against the effects of extreme weather conditions e.g. flooding [R&E-ENV].



Current Position -This risk has been reviewed and is considered to remain unchanged. Some key activities by Resilience and Emergency Planning include developing flu pandemic response arrangements. This is which is considered to be 'high risk' by Central Government. The plans and arrangements have been rehearsed with partners from across South Yorkshire in April 2014.

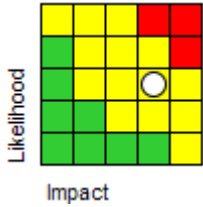
Mitigating Actions A recent assessment of DMBC's emergency response capabilities by the Cabinet Office has demonstrated a high level of preparedness and compliance with Government expectations for Civil Contingencies.

The challenges of responding to emergencies and supporting our communities and businesses

with reducing staff numbers continues to be addressed with training, exercise and development opportunities delivered to 820 staff and partners since April 2014. 99% have rated these events good or excellent.

Target Risk: Impact 5 Likelihood 3

Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid.

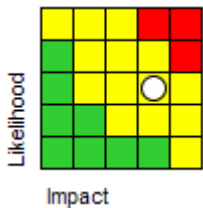


Current Position: Risk score not changed. The Council continues to be at risk of making decisions using data that is not always as robust as it should be. In order to commission properly, make good decisions and ensure vulnerable people are safe, then the quality of data within its systems must be of good quality.

Mitigating Actions: A new Tier 1 Data sharing strategy has been agreed and signed by most partners and is being co-ordinated prior to publication, which demonstrates the willingness of the partnership to have good quality data and share data securely and appropriately. The single data list of returns to central government has been brought together for the first time with relevant ownership across the authority and further self-assessments and audits will follow in May 2015. This approach will allow a picture of data quality across all statutory datasets to be formed and appropriate action taken to address poor data quality arrangements.

Target Profile: Likelihood 2 Impact 4 = Total Score 8.

Failure to comply with the Data Protection Act 1998

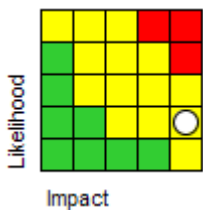


Current Position – Much improved outcome this quarter with no breaches for the council but 3 for the Children's Trust. That said, we cannot be complacent and continual work is progressing as mitigation against future breaches.

Mitigating Actions – Continuing training, awareness and guidance being provided.

Target Risk Profile – Likelihood Unlikely (2) and Impact Major (4) = 8

The agreed standards and policies are not adequately understood and implemented by practitioners who work with vulnerable adults increasing the risk of vulnerable people experiencing harm or abuse

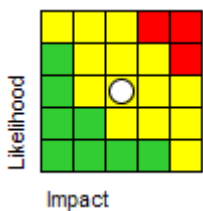


Current Position: Safeguarding Adult Risk Assessment Matrix in place, Case File Audits measuring adherence to the safeguarding process and action plans on-going to address shortfalls.

Mitigating Actions: Review of South Yorkshire procedures in light of Care act on-going. Training continues to be provided to raise awareness and a training needs analysis is underway. Care Act implementation plan in place to identify and direct all work streams.

Target Risk: Impact 5 Likelihood 2

As a result of sickness not being effectively managed, there is a risk that the council target of delivering national average sickness levels by 2015/16 would not be achieved

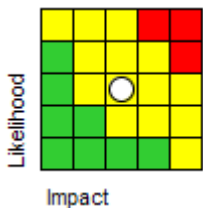


Current Position – 9.75 days per fte

Mitigating Actions – A significant amount of resource and effort has been planned into managing sickness more effectively and this has resulted in this reduction over time. Levels are now far more manageable resulting in this no longer needing to be reported as a strategic risk for the council this financial year.

Target Risk Profile – 9.10 days per fte

DN17 Programme does not deliver the level of savings required and this impacts on the services the council can offer to the public

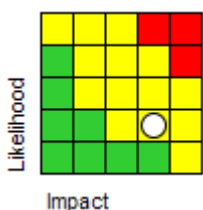


Current Position – For 2014/15 although there has been a delay in some projects, this has been mitigated by other savings throughout the council. For 2015/16 the risk still exists for major projects such as Digital Council and Assets, but rigorous review by Assistant Directors & Directors, is driving improvement and transformation across the council.

Mitigating Actions – Other savings will need to be developed if programmes cannot deliver the savings, however where there is slippage in the programme, this can be funded from the Service Transformation fund.

Target Risk Profile – 3 x 3 (total 9) is a reasonable risk for a programme of this size and complexity.

Failure to identify and manage Health and Safety risks

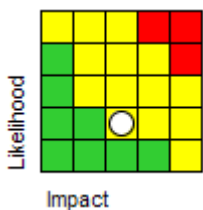


Current Position -This risk has been reviewed and remains unchanged. Health and Safety Training for Managers continues to be rolled out across all Directorates. The new Health and Safety Advisor post for Construction Services has been in post since Oct 2014 and this is working well. In addition a further Health and Safety Training post is being developed as part of a review and restructure of the Regulation and Enforcement Service within Environment. Recruitment to this post is expected to take place in June 2015 (currently subject to staff consultation as part of a wider review of the service area).

Mitigating Actions -A substantial amount of work has also been undertaken in quarters 3 and 4 to identify and mitigate the health and safety risks within the Council's Markets with appropriate action plans now in place. Work is also progressing within the Assets Team regarding health & safety risks on Council land.

Target Risk: Impact 4 Likelihood 2

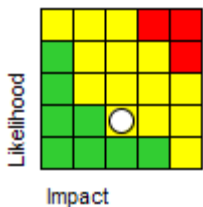
Lack of capacity from house builders to build affordable properties



Current Position - Improvements in the wider economy and housing market have led to a significant increase in activity and supply of affordable housing across the Borough in the past year. Going forward it is possible different pressures arising from more challenging development sites, lack of skilled labour, material supply chain issues and cost increases may reverse recent improvements. Risk level therefore remains in place.

Target Risk: Impact 3 Likelihood 2

Failure to implement the Council's key borough objectives in partnership

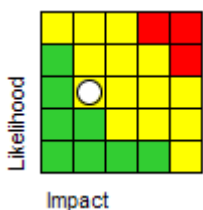


Current Position - The Annual Borough Strategy Stock take held on the 21st November was a huge success with a plethora of partners determining future priorities and the successes over the last 12 month, of particular importance was the launch of the Refreshed Borough Strategy refresh, which determines partner's objectives and strategy for the forthcoming year.

Mitigating Actions - All mitigating actions have been implemented

Target Risk Profile - this risk has been managed from a profile of 16 (at its highest) down to a profile of 6.

Low staff motivation/morale and low performance

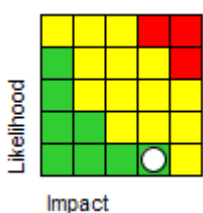


Current Position – Continued downward trend in risk profile

Mitigating Actions – based on the latest staff survey response reaching 51% which is up by 21% from previous year, with encouraging responses given to questions around pride (93% 2174) and enjoying work (88%-2051), although lower response to statement on feeling the council is a better place to work than a year ago (54% 1225). Sickness statistics also impact on morale and performance and are continuing a downward trend; as well as a downward trend in case management, e.g. grievance and disciplinaries. This also needs to be balanced with only achieving a 75% completion as at Quarter 4 for PDRs when target was 95% to be achieved by Quarter 2. So overall, this will remain a risk but at a much lower and manageable level.

Target Risk Profile –aligned to a number of measurable outcomes of Culture Change to achieve moderate and unlikely profile

Failure to achieve the budget target for 2014/15 - 16/17

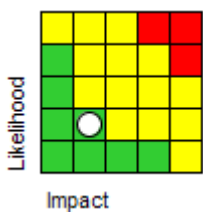


Current Position – The budget savings for 2014/15 have been achieved and the council is due to report a year-end underspend of £3.2m. For 2015/16 the council has a challenging programme of savings to deliver but this is also being robustly managed by programme leads and reviewed by AD’s & Directors on a quarterly basis.

Mitigating Actions – Developing other savings or utilising one off funds for any delays in the savings for 2015/16.

Target Risk Profile –Impact 4, likelihood 1 – is as low as we can expect this to go

Failure to set robust assumptions on pensions deficit recovery and future contribution rate



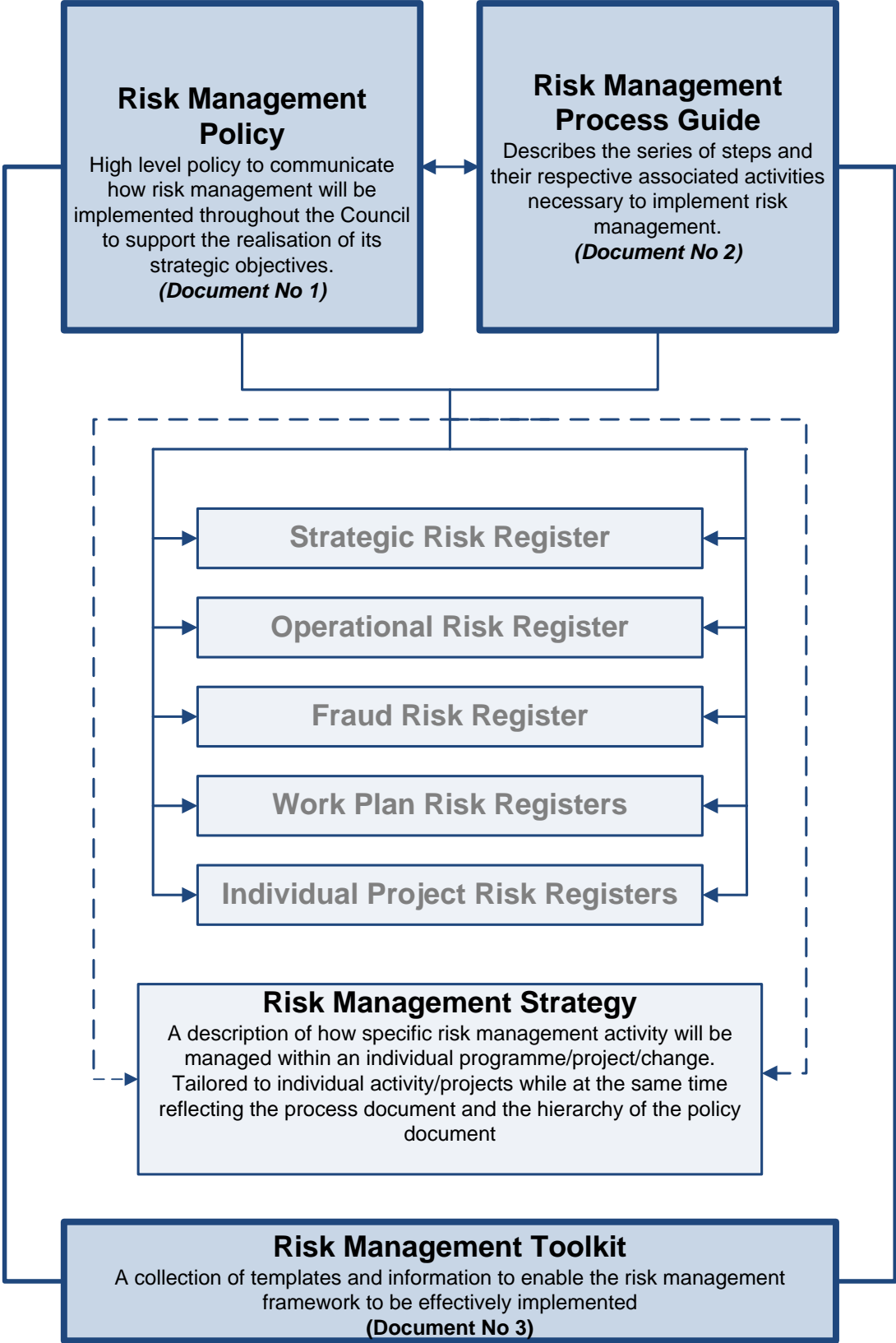
Current position – The council has agreed a 22 year repayment profile for the pension deficit which will be reviewed with the actuary every 3 years. These were agreed and set within the budget for 2014/15 to 2016/17 and confirmed again in the budget in February 2015. The council has also taken advantage of low interest rates to repay the current 3 year contribution, which will save approximately £650k over 3 year. Further options will be examined; the next assessment is not scheduled until 2016.

Mitigating Actions – Working with South Yorkshire Pensions and other LA’s in South Yorkshire to ensure we kept aware of the latest position. We are also looking to retender the services for the Actuary for SYPS

Target Risk Profile 2 x 2 – this risk has been managed down to target.



RISK MANAGEMENT FRAMEWORK



Risk Management Policy

Covalent
Management
Strategic
Strategy
Framework
Inherent
Residual
Risk
Toolkit
Policy

Document 1 of 3

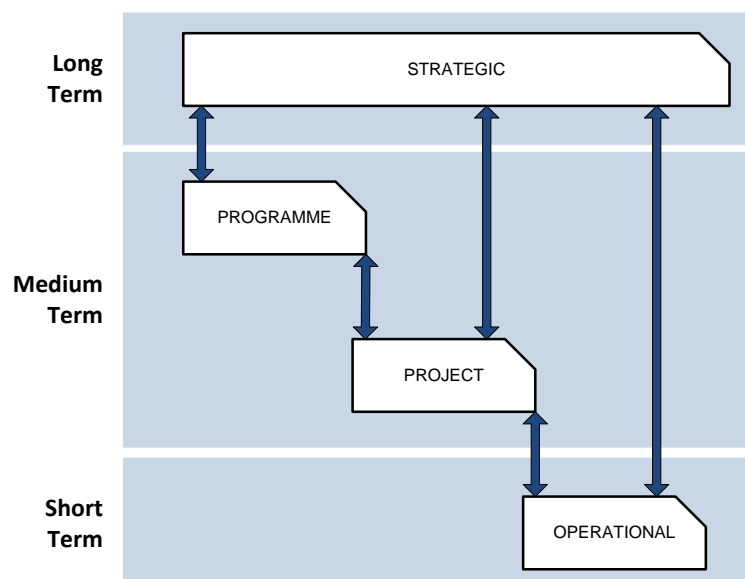
Version 1.2 May 2015

1. Introduction

- 1.1. Doncaster Council recognises that risk management is an integral part of good governance and management practice. Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority.
- 1.2. The objective of this policy is to embed risk management within our planning and business processes and into our organisational culture, creating an environment in which we can successfully meet our objectives and achieve continuous improvement in service delivery. Our risk management policy is designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way.
- 1.3. This Policy the key guiding principles to show how risk management will be implemented throughout the Council. It should be viewed in conjunction with the Risk Management Process Guide, a step by step approach that supports a consistent method to deliver effective risk management.
- 1.4. The Council works with a wide range of partner organisations with varying standards of governance. The risk management policy specifically requires the identification of risks in relation to partnerships and provides for assurances to be obtained about the management of those risks. It is important to ensure that all partners have satisfactory standards to ensure that partnership working does not expose The Council to unforeseen risk.

2. When to Implement Risk Management

- 2.1 Risk Management should be most rigorously applied where critical decisions are being made. Decisions about risk will vary depending on whether the risk relates to long, medium or short-term goals. Strategic decisions are primarily concerned with long-term goals, medium-term goals are usually addressed through programmes and projects to bring about business change and short-term goals usually ensure on-going continuity of business services. This approach is shown in the diagram below.



3. Approach for Managing Risks

- We will promote a risk management culture throughout the organisation and with our partners.
- Our risk management processes will be simple and will prioritise and focus on risks that are significant in relation to the Council's objectives.
- Risk Management will be linked to and inform decision making across the council.
- The risk management process that requires identification of strategic and operational risks, assessment of the risks for likelihood and impact, identification of mitigating controls and allocation of responsibility for the mitigating controls, will be adopted throughout the organisation.
- We will provide appropriate training and guidance for Council members and staff so they can carry out their roles to ensure the benefits of good corporate governance are realised and we will seek to raise awareness within The Council and partner organisations of the need to identify and manage risks.
- Our approach will be pragmatic. We will incorporate the principles of effective risk management into existing planning and management processes to achieve a degree of formality and consistency.
- We will ensure that roles and responsibility for specific risks are clearly identified.
- We will seek to create a culture of openness so that potential problems can be identified and reported to senior management early to allow risk prevention or recovery measures to be taken.
- A risk profile will be developed for all key projects, partnerships and major contracts in line with this policy and the risk Management Process Guide.
- We will develop mechanisms to allow us to learn from our mistakes by investigating when things go wrong and communicating the lessons across the organisation to assist in improving our risk management processes.
- We will consult throughout The Council and regularly review the effectiveness of our risk management systems.
- We will require our Corporate Internal Audit Service to audit our Risk Management Processes, including risk identification, risk appetite, evaluation of risks, how well The Council manages and monitors risk and the effectiveness of control strategies.

4. Attitude to risk

- 4.1. In order for The Council to achieve its objectives some amount of risk taking is inevitable. By being 'risk aware' The Council can identify and avoid threats and take advantage of opportunities.
- 4.2. In an organisation as diverse as The Council, it is impossible to define a single risk appetite, i.e. the amount of risk an organisation is prepared to accept, tolerate or be exposed to at any point in time, that would suit every circumstance in every service and which is in line with all partner organisations' arrangements.
- 4.3. The Council may accept major or critical risks that cannot be reduced or eliminated, providing all relevant information is recorded on Covalent and is subject to regular review in line with the tolerance guide.

5. Roles and Responsibilities

- 5.1. Clear roles of responsibility have been established to ensure the successful implementation of the Councils Risk Management Policy. These roles are outlined in the Risk Management Process Guide.
- 5.2. An Elected Member and a Chief Officer are appointed as Risk Champions to work closely with the Corporate Policy and Performance Team to embed risk and achieve continuous improvement.

6. Monitoring, Reviewing & Reporting Risks

- 6.1. The Covalent Performance Management System will be used to record, monitor and report on all risk registers and progress against all mitigating actions.
- 6.2. Reviewing the progress and mitigating actions against the operational and strategic risk registers is embedded in the quarterly performance challenge process. All risks linked to the priorities within the Council Plan will be contained within the quarterly performance report and strategic risks will be reported as an individual appendix. The quarterly challenge process will inform the contents of reports to Director meeting, Executive Board, Cabinet and Overview and Scrutiny Management Committee. The quarterly Strategic Risk update will also be presented at Audit Committee.
- 6.3. Strategic risks will be monitored at corporate level and operational risks will be monitored and reviewed at directorate level. Risks may be promoted and demoted as part of the quarterly performance challenge process or at any Directors Meeting. This will allow the Council to effectively react to changes in priorities.

7. Review

- 7.1. The Risk Management Policy will be reviewed on an annual basis to incorporate lessons learned and to continually improve our risk management arrangements.

----- Jo Miller Chief Executive	----- Date
----- Howard Monk – Corporate Risk Champion	----- Date
----- TBC – Members Risk Champion	----- Date

ⁱ A Glossary of Terms is provided in the Risk Management Process Guide on page 15.

Risk Management Process Guide

Covalent
Management
Strategic
Strategy
Framework
Inherent
Residual
Risk
Toolkit
Policy

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1. INTRODUCTION

The Risk Management Process Guide is a step by step approach to show how the Council supports a consistent method to deliver effective risk management. This guide should be viewed in conjunction with the Risk Management Policy, the key guiding principles that show how risk management is implemented throughout the Council, and the Risk Management Toolkit, a collection of tools and information to enable the Risk Management Framework to be effectively implemented.

The information contained within this guide will introduce you to the concept of Risk Management, explain the general principles of Risk Management and clarify the approach, and ownership, of Risk Management within Doncaster Council.

This guide highlights how risk management can be approached by each service area within the Council, and provides guidance on completing the individual stages of the risk management process to help you to identify, assess, control and review risks.

Risk is an uncertain event or set of events that, should it occur will have an effect on the achievement of objectives.

Risk Management is the process by which we identify, evaluate and manage risks.

Risk Management should be viewed as a positive and enabling process that if embraced, can help an organisation to achieve positive outcomes from the decisions it makes. All too often, risk management can become a process of identifying the negatives of why a decision, action or opportunity should not be taken; this leads to opportunities not being pursued.

Risk management is not a process of completely avoiding risk, but more a process, if used effectively, can help the Council to pursue innovative opportunities with higher levels of risk because exposure to risk is understood and managed down to acceptable levels.

Every organisation manages risk but not always in a way that is visible, repeatable and consistently applied throughout the organisation. A risk management process tries to ensure that the organisation undertakes cost-effective actions to manage and control risk to acceptable levels, through everyone following a well-defined and structured process. The aim of risk management is to enable better decision making, by having the best understanding of the potential problems before they happen and to enable pre-emptive action to be taken.

2. RISK MANAGEMENT APPROACH

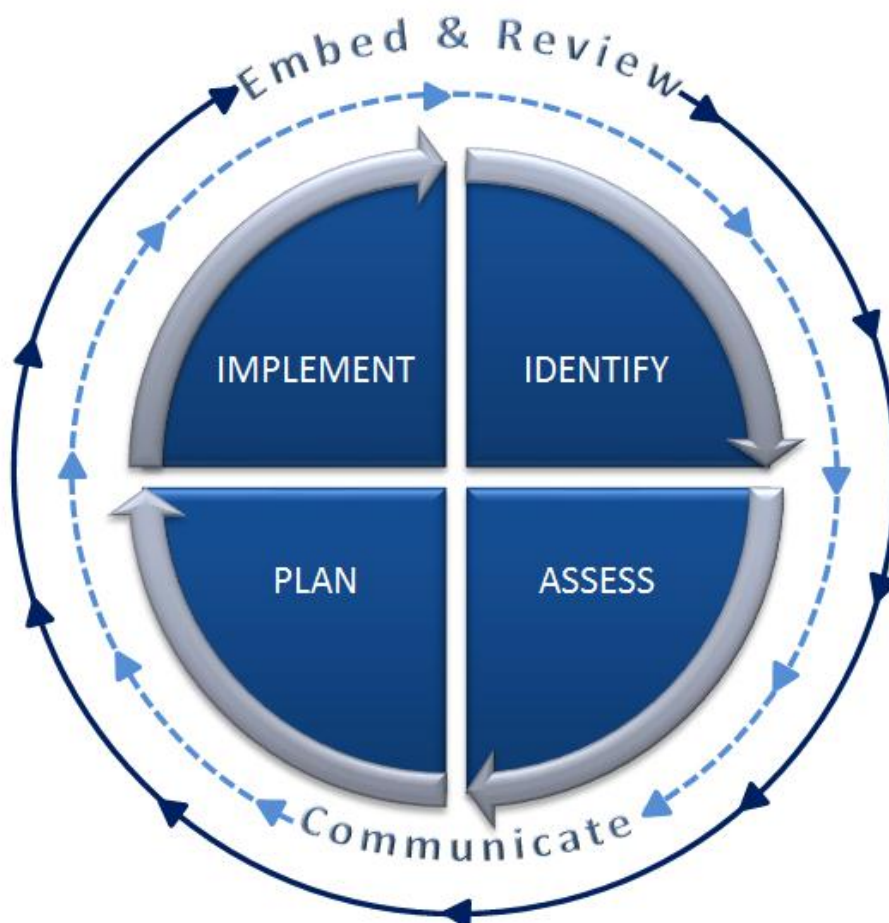
The risk management approach is based on good practice and can be applied at all levels of the organisation and beyond. It describes the key steps for identifying and managing risks within the Council.

This approach intends to promote risk management as a positive and enabling process. It can bring value and benefit to each service area within Doncaster Council, by helping to identify and deal with issues before they happen.

The management of risk approach is divided into four primary processes known as:

- Identify
- Asses
- Plan
- Implement

Collectively, these processes form a logical sequence of steps necessary for the adoption of a robust approach to the implementation of risk management. Within each step there are a number of sequential elements and these are embedded in Doncaster Council’s risk management approach. Additionally, the ‘Communicate’ and ‘Review and Embed’ activities operate through each stage.





3. IDENTIFY

The primary goal of the 'Identify' step is to identify the risks to the council that would reduce or remove the likelihood of The Council achieving its objectives, whilst maximising opportunities that could lead to improved performance.

A risk is defined as 'An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives'. An opportunity is defined as 'an uncertain event that could have a favourable impact on objectives or benefits'. The starting point to identifying risks and/or opportunities is therefore clarity on what the objectives are. The Council's Priorities and key objectives are identified in the Corporate Plan. Objectives in Projects and/or Partnerships are identified in the initiation documents.

When describing a risk it is good practice to consider 3 key terms, cause, event and effect. The following prompts may be used to ensure risks are effectively identified and described.

- As a result of (cause)
- There is a threat/opportunity..... (event)
- That could lead to(effect)

When creating a list of potential risks it is sometimes easier to focus on categories of risks. The following categories of risk have been adopted by Doncaster Council. These categories can be recorded on Covalent and allow greater opportunities when reporting risks.

- **Equipment** – this extends to the equipment utilised for the operation and conduct of the council.
- **Financial** – e.g. budgetary requirements.
- **Legal/compliance** – this category includes compliance with legal requirements such as legislation, regulations, standards, codes of practice and contractual requirements.
- **Organisational** – this relates to the internal requirements of the council, extending to the cultural, structural and people issues associated with its effective operation.
- **Reputation** – this entails the threat to the reputation of the council due to the conduct of the entity as a whole, the viability of the product or service, or the conduct of employees or other individuals associated with the council.
- **Safety** – this category includes the safety of everyone associated with the authority from individual safety, to workplace safety, public safety and to the safety and appropriateness of products and services delivered by the council.
- **Security** – this includes the overall security of council premises, assets and people and extends to security of information, intellectual property and technology.
- **Service Delivery** – this relates to the delivery of services, including the quality and appropriateness of service provided, or the manner in which the service is delivered, including customer interaction.
- **Stakeholder Management** – this category relates to the management of stakeholders, and includes identifying, establishing and maintaining an appropriate relationship. This includes both internal and external stakeholders.
- **Strategic** – this includes the planning, scoping and resourcing requirements of the establishment.

- **Fraud** – this relates to the assessment, monitoring and treatment of risks relating to fraud and corruption. There is the potential for fraud to occur within each of the categories. Therefore, the risk of the occurrence of fraud should be considered when identifying risks within each category.
- **Technology** – this includes the implementation, management, maintenance and upgrades associated with technology.

For effective risk management, it is critical that each risk has an ‘owner’ who is responsible for dealing with the risk, ensuring that all internal controls are working and that relevant mitigating actions are taken. The role involves regularly monitoring the risk status and adjusting risk ratings accordingly, based on current information and knowledge.

Some risks identified will already have measures in place to control the impact or likelihood of the risk occurring. To be effective these internal controls should be demonstrated by policy, procedure or practice. Controls can be classified in four ways:

- **Directive controls:** these controls are designed to ensure that a particular outcome is achieved. They are particularly important when it is critical that an undesired event should be avoided. An example of directive controls would be training staff with required skills before allowing them to work unsupervised.
- **Preventive controls:** these controls are designed to limit the possibility of an undesirable outcome being realised. The more important it is that an undesirable outcome should not arise; the more important it becomes to implement appropriate preventive controls. An example of preventive control is separation of duties (e.g. the person who authorises payment of an invoice is separate from the person who ordered the goods, thus preventing one person securing goods at public expense for their own benefit).
- **Detective controls:** These controls are designed to identify occasions when undesirable outcomes have been realised. These types of control, by definition, occur ‘after the event’. An example of detective control is an asset check (this might identify assets that have been removed without authorisation).
- **Corrective control:** These controls are designed to correct undesirable outcomes, which have been realised. They provide a route of recourse to achieve some sort of recovery against loss or damage. An example of a corrective control is ‘claw back’ for staff who have been overpaid.

A key question is whether the existing controls are adequate or whether further controls / solutions are required to effectively manage the risk.



4. ASSESS

The primary goal in the 'Assess' step is to understand the effect of the identified threats and opportunities on the activity. In order to decide which risks are most important and merit most attention, there needs to be some way of comparing risks relative to each other. Using a score to rate risks provides a quantitative basis for comparison and can be achieved by assessing the risk along two dimensions:

- The **likelihood** (or probability) that the risk will occur.
- The **impact** (or severity) that the risk will have if it occurs.

The first evaluation should be undertaken on the 'inherent risk' i.e. the risk before any controls have been put in place. This is to ensure that all significant risks are highlighted and assurance provided that these risks are being managed. If you only assess the risk after controls have been put in place, 'residual risk', then you are assuming that the controls will always be there. The inherent and residual risk scores are calculated using the following equation:

$$\text{Likelihood score} \times \text{Impact score}$$

The impact of a risk is often considered in terms of the level of severity. Establishing a consistent approach for scoring the risk impact is more complex than likelihood as it will vary by risk category. The table below considers risks in terms of their impact from a number of perspectives. The criterion against each score is to be used as a guide and is not exhaustive. This table can be personalised by service areas to take account of their own perspectives. When using this approach if more than one perspective applies choose the column containing the more serious outcome.

IMPACT	PERSPECTIVE							
	Personal safety	Property damage	Failure to provide statutory service	Financial loss	Disruption in service (days)	Privacy infringement	Community	Embarrassment
1 = Slight				<£10k	None			
2 = Moderate	Minor injury	Minor damage to 1 property	Litigation, claim or fine £2k to £50k	£10k to £100k	1	Isolated personal detail comprised	Impact on an individual or small group	Contained within service
3 = significant	Major injury to an individual	Significant damage to small building or minor damage to several	Litigation, claim or fine £50k to £250k	£100k to £500k	2-3	Several persons details revealed	Impact on a local community	Local public or press interested
4 = Major	Major injury to several people or death of an individual	Major damage to critical building or serious damage to several properties	Litigation, claim or fine £250k to £1m or custodial sentence imposed	£500k to £1m	4-14	Several persons details comprised	Impact on several communities	National public or press interested
5 = Critical	Death of several people	Total loss of critical building	Multiple civil or criminal actions. Litigation, claim or fine above £1m	>£1m	>14	All personal details revealed / comprised	Impact on whole of the borough	Officer(s) and/or members forced to resign

Likelihood is often considered in the context of ‘what timescale the risk might occur within, or what frequency’. The table below contains descriptions for the risk event with an associated score for each descriptor to be used as a guide to promote a consistent approach.

Score	Descriptor	Description
5	Very likely	I would not be at all surprised if this happened within the next few months.
4	Likely	I think this could occur sometimes in the coming year or so.
3	Possible	I think this could maybe occur at some point, but not necessarily in the immediate future.
2	Unlikely	I would be mildly surprised if this occurred, but cannot entirely rule out the possibility.
1	Very unlikely	I would be very surprised to see this happen, but cannot entirely rule out the possibility.

The council has adopted the 5 x 5 risk matrix. This allows the council to align with partner organisations, improve the scope for a flexible risk appetite and distinguish between serious and critical events.

LIKLIHOOD	Very likely	5	5	10	15	20	25
	Likely	4	4	8	12	16	20
	Possible	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	10
	Very unlikely	1	1	2	3	4	5
			1	2	3	4	5
			Slight	Moderate	Significant	Major	Critical
			IMPACT				

The risk rating corresponds to the traffic light status below.



Risks rated 1 to 4 – Entered onto Covalent, linked to the relevant actions and reviewed annually.



Risks rated 4 to 16 - Entered onto Covalent, linked to the relevant actions, controls and mitigating actions recorded and reviewed quarterly as part of the challenge process



Risks rated 17 to 25 – Entered onto Covalent, linked to relevant actions, additional controls and mitigating actions recorded, reviewed quarterly as part of the challenge process and at Directorate Management Team meetings.



5. PLAN

The primary goal of the 'Plan' step is to prepare specific management responses to the threats and opportunities identified, to remove or reduce these threats, and to maximise the opportunities.

Once the risks have been identified and assessed, appropriate management action needs to be taken. The 'Four Ts' is the generic approach that can be used when planning how to manage a risk or opportunity:

- Tolerate** The risk is accepted making limited, if any, efforts to mitigate it or reduce its likelihood/impact. This may be because the cost of mitigation exceeds the consequence of the risk.

- Transfer** The risk rating is reduced by transferring the risk to a third party by changing contractual terms. Typically this would mean the council discontinuing the activity that gives rise to the risk, and sub-contracting/outsourcing that activity to another organisation. Other alternatives include insurance or private finance initiatives.

- Treat** Actions will be taken to reduce the risk, possibly by putting in additional controls.

- Terminate** The activity that gives rise to the risk will cease, be avoided or altered, thus eliminating the risk.

With the exception of taking a 'tolerate' approach, mitigating actions will need to be developed and monitored in order to effectively manage the risk.

The risk, the risk profile and the mitigating action against each activity are recorded collectively in the form of risk registers.

All corporate risk registers within The Council are recorded on Covalent, and monitored and reviewed in line with the Risk Management Policy. Individual project risk registers may be managed via manual spreadsheets, as defined in the project's individual Risk Management Strategy, but must still comply with the Risk Management Framework.

Risk Registers are structured under the following headings on Covalent:

- **Operational Risk Register**
All risks identified with the delivery of the Corporate Plan.

- **Strategic Risk Register**
Any risk from the operational risk register that may prevent or delay the delivery of the Council's shared priorities, or that may prevent or delay the delivery of the internal cross-cutting actions needed by the Council to improve performance and underpin the Borough Strategy, may be elevated to a Strategic Risk.

- **Projects, Partnerships & Contracts Risk Register**
All risks associated with the delivery of high level projects and major partnerships and contracts.
- **Fraud Risk Register**
The Fraud Risk Register is a specific register dedicated to the assessment, monitoring and treatment of the risks relating to fraud and corruption. It is an integral part of the Risk Management Framework designed to focus attention on minimising the damage caused by fraud and corruption and on upholding The Council's principles of zero tolerance to fraudulent and corrupt activity. The fraud risk register will be used by both management and Internal Audit Services to focus anti-fraud and corruption resources and training on illuminating fraud and corruption and its associated effects.
- **Service Plan Risk Register**
Risks associated with The Council's day to day services delivery.



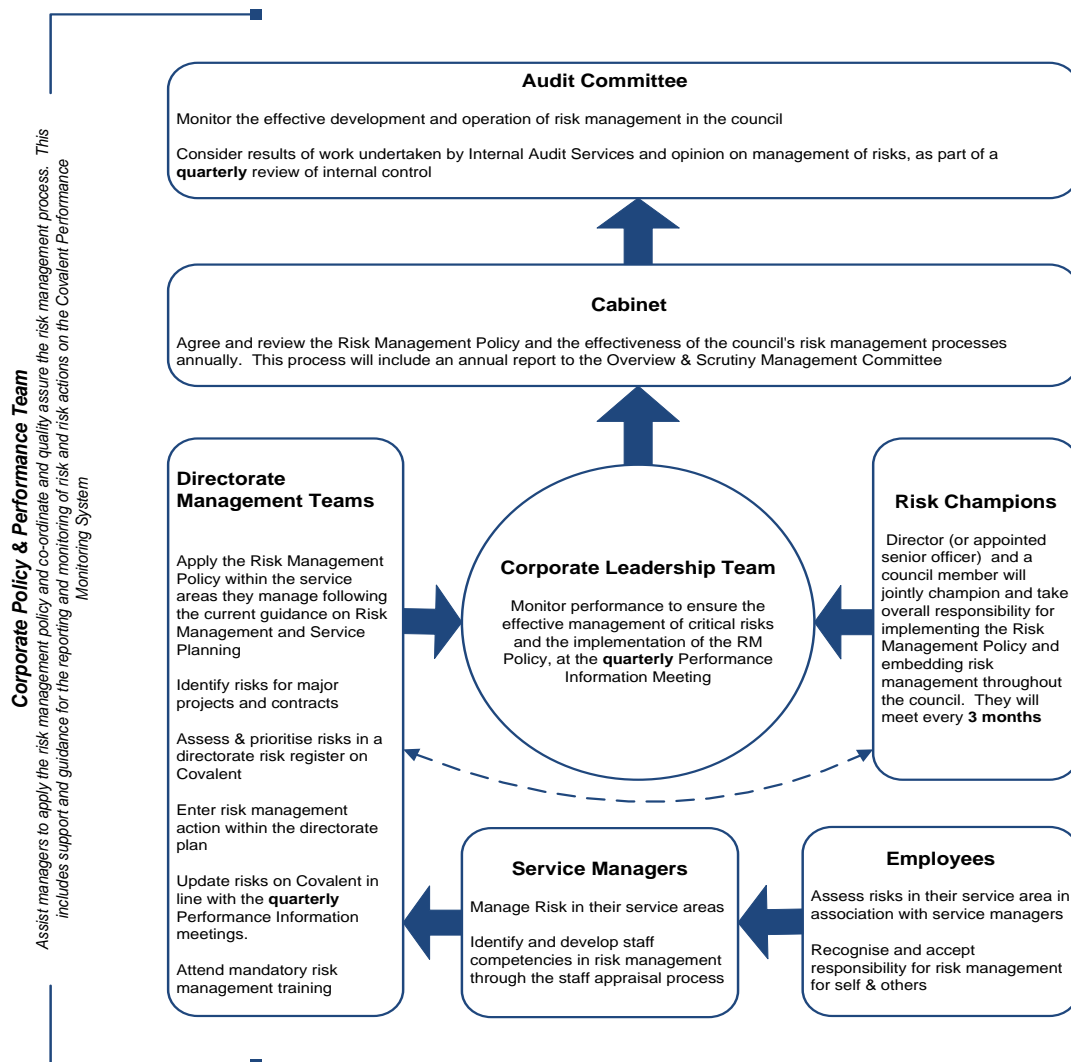
6. IMPLEMENT

The primary goal of the 'Implement' step is to ensure that the planned risk management actions are implemented and monitored as to their effectiveness, and corrective action is taken where responses do not match expectations.

Covalent is used to record, monitor and report on all corporate risk registers and progress against all mitigating actions.

- Operational risks, identified with the delivery of the Corporate Plan, will be reviewed at directorate level as part of the quarterly performance meetings.
- Strategic risks will initially be reviewed as part of the quarterly performance meeting with Directors and then at the Directors Meeting. Risk Champions will challenge the risks prior to them being reported to Executive Board, Cabinet and Audit Committee.
- Fraud Risk will be reviewed by the Council's Internal Audit function.
- Major Partnership, Projects and Contract risks may be escalated, from Service Plans, to a strategic level. These would then be managed as part of the quarterly challenge process.

The monitoring and reporting process is outlined below.



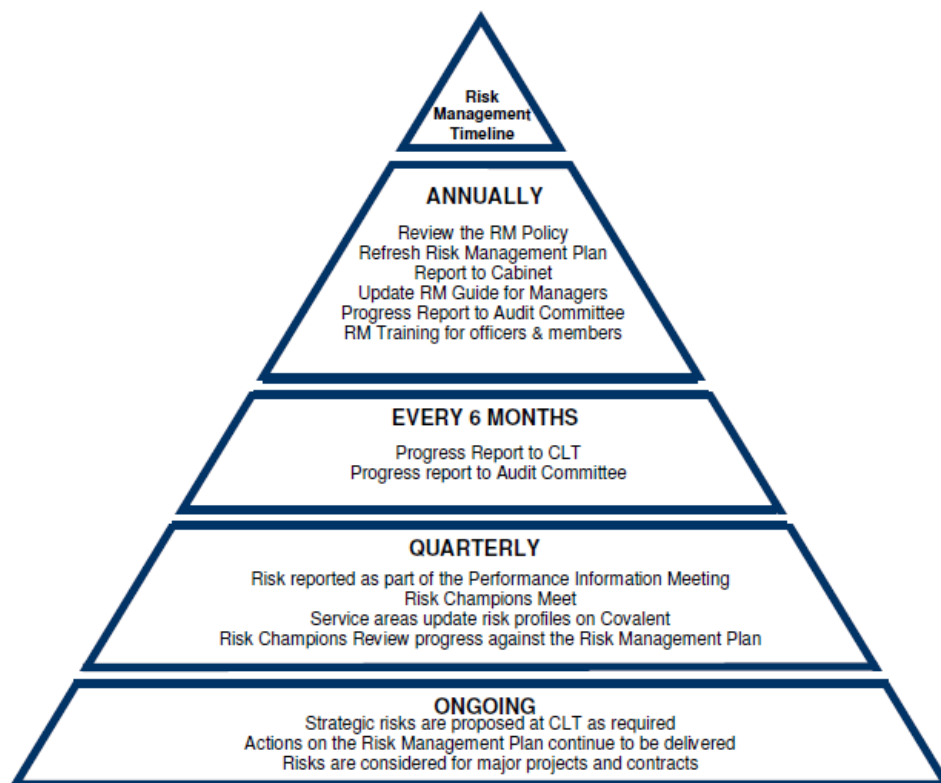
Assistant Directors, Senior Managers and Service Managers are responsible for managing risks scoring up to, and including, 9 on the risk evaluation matrix. Risks scoring 10 or above will be monitored and reviewed at Director Level. Directors are ultimately responsible, and will be accountable, for ensuring risks are managed within the structure of this Policy.

Reviewing the progress and mitigating actions against the operational and strategic risk registers is embedded in the quarterly performance challenge process.

Strategic risks will be reviewed quarterly as part of the challenge process. Operational risks may also be elevated to a strategic level either during this process or at any Corporate Leadership meeting. This will allow The Council to effectively react to changes in priorities.

The quarterly challenge process will inform the contents of reports to Corporate Leadership Team, Executive Board, Cabinet and Overview and Scrutiny Management Committee.

The reporting timeline is highlighted in the diagram below.





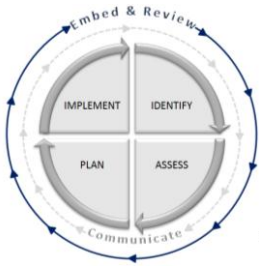
7. COMMUNICATE

‘Communicate’ is not a distinct step in the management of risk process, it is an activity that is carried out throughout the whole process. Doncaster Council’s exposure to risk is never static: effective communication is key to the identification of new threats and opportunities, or changes in existing risks.

The implementation of risk management is dependent on participation, and participation, in turn, is dependent on communication. It is important for managers to engage with staff across The Council to ensure that:

- Everyone understands The Council’s risk appetite, risk policy, risk process and risk strategies, in a way that is appropriate to their role. If this is not achieved, effective and consistent embedding of risk management will not be realised and risk priorities may not be addressed;
- Everyone understands the benefits of effective risk management and the potential implications if it is not done or is done badly;
- Each level of management actively seeks and receives appropriate and regular assurance about the management of risk within their control. Effective communication provides assurance that risk is being managed within the expressed risk appetite and that risks exceeding tolerance levels are being escalated;
- The procurement team understands the requirement for making risk ownership explicit within contracts;
- There is no misunderstanding over the respective risk priorities within and across business perspectives. This will help management to avoid being diverted from the most significant risks and will enable appropriate levels of control to be applied;
- Any organisation providing outsourcing services has adequate risk management skills and processes. Gaining assurance that a partner organisation has implemented adequate risk management for itself will avoid dependence on a third party that may fail to deliver in an acceptable way, or may not deliver at all.

Communication is embedded within the monitoring and reporting process detailed in the diagram on page 10 and the timeline detailed in the diagram on page 11.



8. EMBED AND REVIEW

How an organisation manages its risks demonstrates a part of that organisation's core values and improves stakeholder's confidence in the organisation's ability to cope and manage its risks.

Doncaster Council needs to ensure that risk management has been integrated successfully, has the necessary support, is addressed in an appropriate way and is successful. Key indicators that demonstrate that the management of risk culture had been embedded are:

- The understanding of risk management policies and the benefits by all staff;
- The existence and operation of a transparent and repeatable risk management framework;
- The support by the organisational culture of well thought-through risk taking innovation;
- The close linking of management of risk with the achievement of objectives;
- The explicit assessment and management of the risks associated with working with partners;
- The active monitoring and regular review of risks;
- The reporting of risks to management in a timely manner (together with sufficient information to enable risk treatment to be developed) and the escalation of risks within appropriate timescales if they develop.

The following section highlights the roles and responsibilities of officers within Doncaster Council who are involved in developing and embedding the management of risk culture.

Chief Executive:

- Ultimate officer responsible for embedding risk management throughout the Council.

Elected Members:

- Receive reports outlining strategic risks;
- Attend awareness training;
- Adopt the Risk Management Policy and Process Guide;
- They should also have due regard to the risks facing the authority in determining its policy and ensure a balance between managed risk taking in order to enable improved services and the achievement of objectives and risk control to protect the reputation and assets of the Authority.

Risk Champions:

- A Director (or appointed Senior Officer) and an Elected Member will jointly champion and take overall responsibility for implementing the Risk Management Framework and embedding risk management throughout the Council;
- Challenge the strategic risk profiles as part of the quarterly performance process.

Cabinet:

- Consider and approve the Risk Management Policy and Risk Management Process Guide;
- Monitor the Strategic Risk Register.

Audit Committee:

- Monitor the effective development and operation of risk management in the Council;
- Monitor the Strategic Risk Register.

Directors:

- Monitor performance to ensure the effective management of critical risks and the implementation of the Risk Management Policy and Process Guide, for the quarterly performance reporting process.

Directorate Management Teams:

- Apply the Risk Management Policy and Process Guide within the service area they manage following the current guidance;
- Identify risks for major projects and contracts;
- Assess & prioritise risks;
- Ensure Covalent is updated in line with the quarterly performance reporting process.

Service Managers:

- Manage risks in their service areas;
- Identify and develop staff competencies in risk management through the staff appraisal process.

Employees

- Assess risks in their service area in association with service managers;
- Recognise and accept responsibility for risk management for self and others.

Corporate Policy & Performance Team:

- Develop the Risk Management Policy and Process Guide including an annual review;
- Corporate advisor of risk at strategic and operational level;
- Promote a positive culture of risk awareness within the organisation and to all partners;
- Continual development and maintenance of the corporate risk registers;
- Regular reporting of strategic risks;
- Design and implement risk management training;
- Provision of corporate and service based risk management advice and support as required.

9. PERFORMANCE MANAGEMENT

Risk Management is an integral part of The Council's Performance Management Framework. Awareness of potential risks that could impact the achievement of The Council's priorities and objectives, and planning for such possibilities, will contribute to the successful delivery of the objectives.

Risks associated with the delivery of the Corporate Plan are included in the Directorate challenge reports. These reports then go to Directors, Executive Board and Cabinet. Strategic risks are highlighted within the same reports and, in addition, are present to Audit Committee.

(Link to the [Performance Management Framework](#))

10. CORPORATE GOVERNANCE

Good governance is about getting things right first time. It is about demonstrating legitimate leadership, respecting the democratic process, making proper and timely decisions, managing risk and allocating resources for valid reasons.

Good governance principles should be instilled in everything that we do at every level of the organisation. It is embedded in a number of key policies and procedures maintained and published by the Council. Compliance with these policies and procedures is the key to instilling good governance throughout Doncaster Council and the Risk Management Framework has been identified as a key governance policy.

(Link to [Corporate Governance Intranet Page](#))

11. INFORMATION GOVERNANCE

The Council has a Senior Information Risk Owner (SIRO). This is one of three mandated roles established by the Government after a review on Data Handling in 2007. The SIRO chairs the SIRO Information Governance Board (SIGB) and is the champion for Information Governance at Corporate Management Team meetings.

The SIGB membership consists of:

- Director of Finance & Corporate Services – Role of SIRO
- Nominated Heads of Services – Role of Information Asset Owner (IAO)
- ICT Security Officer
- Freedom of Information Officer
- Data Protection Officer
- Information Management Officer
- Head of Service Policy and Improvement – Role of Caldicott Guardian
- Internal Audit Manager

All aspects of information governance should be taken into consideration where any risk is identified when using personal/sensitive personal/business sensitive information. This will include Data Protection, Freedom of Information and Information Management. Where personal information is being gathered in order to fulfil the needs of a project, a Privacy Impact Assessment should be carried out to ensure the needs of the customer have been considered before using their information. Any Privacy Impact Assessments or risks identified to personal information must be taken to the SIGB for a SIRO decision. All Privacy Impact Assessments should also be made available to the public to ensure transparency is maintained.

12. PROJECTS & PARTNERS

Projects

As part of the Council approach to managing projects, risks against the delivery of the objectives are profiled and managed throughout the life of the projects. The Council needs to ensure that risk registers for projects are created on Covalent and monitored and reviewed in line with the Risk Management Policy. For larger projects a Risk Management Strategy may be developed, in conjunction with the Risk Management Policy and Process Guide, to outline the specific approach, responsibilities and reporting criteria for an individual project.

Partners

The Council's Partnerships' Governance Guidance provides a framework for governance arrangements and risk assessments of any partnerships that the Council enters into. A risk assessment should be carried out during the setting up of a partnership and regularly reviewed by the Lead Officer for the partnership.

13. ADVICE, GUIDANCE and TRAINING

The Corporate Policy and Performance Team is responsible for advising the Council on its risk management arrangements. This includes the development of the Risk Management Framework, supporting the implementation of the Risk Management Policy and Process Guide, and ensuring those involved have sufficient skills to fulfil their roles.

For further information please contact the relevant lead below:

Corporate Risk Management Framework

Policy & Performance Manager - Sennette Wroot 862533

Senior Policy & Performance Officer - Sarah Abbotts 737854

For further information on fraud related risks please contact:

Internal Audit Manager - Peter Jackson 862938

For further information on Information Governance please contact:

Data Protection Officer – Nikki Minnikin 737978

Freedom of Information Officer – Jenny Ball 737996

Information Management Officer – Sarah Winn - 736646

For further information on the Partnerships' Governance Guidance please contact:

Programmes and Partnerships Team – 737414, partnerships@doncaster.gov.uk

Training

Training is an essential component of embedding effective risk management. Risk Management training for all staff and members will be developed and delivered as part of the e-learning portal. Additional one to one and group training will be provided by the Corporate Policy and Performance Team as and when required.

14. GLOSSARY OF TERMS

Covalent	The Council’s electronic Performance Management System
Fraud Risk Register	Risks concerned with the assessment, monitoring and treatment of the risks relating to fraud and corruption
Inherent Risk	The exposure arising from specific risk before any action has been taken to manage it
Operational Risk	A risk associated with the day to day operation of a service
Opportunity	An uncertain event that could have a favourable impact on objectives or benefits
Residual Risk	The risk remaining after the risk response has been applied
Risk	An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives
Risk Management	Systematic application of principles, approach and processes to the tasks of identifying and assessing risks, then planning and implementing risk responses
Risk Management Policy	A high level policy to communicate how risk management will be implemented throughout the Council
Risk Management Process Guide	Describes the series of steps and associated activities necessary to implement risk management
Risk Management Strategy	A description of how specific risk management activity will be managed within an individual project, whilst at the same time reflecting the process document and the hierarchy of the policy document
Risk Management Toolkit	A practical guide on how to implement risk management
Risk Register	A record of all identified risks relating to an initiative, including their status and history
SIGO	SIRO Information Governance Board
SIRO	Senior Information Risk Owner
Strategic Risk	Risk concerned with where the organisation wants to go, how it plans to get there, and how it can ensure survival

15. SOURCES OF REFERENCE & GUIDANCE

External Sources:

Management of Risk: Guidance for Practitioners

Strategic Risk Management Review of Doncaster Metropolitan Borough Council – Zurich

Risk Management Policy – Exeter City Council

Risk Management Policy Statement and Strategy – Basildon Council

Creating a Risk Management Framework – Covalent

Risk and Opportunity Management Strategy – Plymouth City Council

Management of Risk – A Strategic Overview – HM Treasury

Internal Sources:

Performance Management Framework

Corporate Governance Framework and Toolkit for Working in Partnership

Governance Intranet Page

Covalent

Information Security Policy

Data Protection Policy

Risk Management Toolkit



Step by Step Guide

STEP 1 - IDENTIFICATION

- Identify the risks associated with key results in The Council Plan/Directorate Plan/Service Plan; delivery of individual projects; actions to improve performance;

Tools Available

Describing a risk	Page 3
Categories of risk	Page 3
Risk Template	Page 4

STEP 2 - ASSESSMENT

- Score each inherent risk (the risk before any controls have been put in place)
- Identify possible measures to mitigate the risk
- Score the residual risk (the risk with the mitigating action in place)

Tools Available

Impact Guide	Page 4
Likelihood Guide	Page 5
5x5 Matrix	Page 5

STEP 3 - PLAN

- Decide on an approach to manage the risk

Tools Available

Treatment guide	Page 6
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STEP 4 - PROFILING RISKS ON COVALENT

- Upload the risk information, generated via steps 1-3, onto Covalent within the relevant risk register.

Tools Available

Covalent User Guide	Page 6
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STEP 5 - REVIEW

- Risks are reviewed as part of the quarterly challenge process and as and when required, depending on the risk score.

Tools Available

Covalent User Guide	Page 8
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STEP 6 - REPORTING

- There are a range of reports available to facilitate risk management, some are corporate and others are bespoke.

Tools Available

Report type and description of use	Page 8
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STEP 1 – IDENTIFICATION

Identify the risk(s) associated with key results in the Council Plan/Directorate Plan/Service Plan; delivery of individual projects; actions to improve performance.

Describing a risk

When describing a risk it is good practice to consider 3 key terms: Cause, Event and Effect. The following prompts may be used to ensure risks are effectively identified and described.

As a result of (cause)

There is a threat/opportunity that (event)

Which could lead to (effect)

Categories of risk

When creating a list of potential risks it is sometimes easier to focus on categories of risks. The following categories of risk have been adopted by Doncaster Council. These categories can be recorded on Covalent and allow greater opportunities when reporting risks.

- **Equipment** – this extends to the equipment utilised for the operation and conduct of the council.
- **Financial** – e.g. budgetary requirements.
- **Legal/compliance** – this category includes compliance with legal requirements such as legislation, regulations, standards, codes of practice and contractual requirements.
- **Organisational** – this relates to the internal requirements of the council, extending to the cultural, structural and people issues associated with its effective operation.
- **Reputation** – this entails the threat to the reputation of the council due to the conduct of the entity as a whole, the viability of the product or service, or the conduct of employees or other individuals associated with the council.
- **Safety** – this category includes the safety of everyone associated with the authority from individual safety, to workplace safety, public safety and to the safety and appropriateness of products and services delivered by the council.
- **Security** – this includes the overall security of council premises, assets and people and extends to security of information, intellectual property and technology.
- **Service Delivery** – this relates to the delivery of services, including the quality and appropriateness of service provided, or the manner in which the service is delivered, including customer interaction.
- **Stakeholder Management** – this category relates to the management of stakeholders, and includes identifying, establishing and maintaining an appropriate relationship. This includes both internal and external stakeholders.
- **Strategic** – this includes the planning, scoping and resourcing requirements of the establishment.
- **Fraud** – this relates to the assessment, monitoring and treatment of risks relating to fraud and corruption. There is the potential for fraud to occur within each of the categories. Therefore, the risk of the occurrence of fraud should be considered when identifying risks within each category.
- **Technology** – this includes the implementation, management, maintenance and upgrades associated with technology.

Impact Guide

IMPACT	PERSPECTIVE							
	Personal safety	Property damage	Failure to provide statutory service	Financial loss	Disruption in service (days)	Privacy infringement	Community	Embarrassment
1 = Slight				<£10k	None			
2 = Moderate	Minor injury	Minor damage to 1 property	Litigation, claim or fine £2k to £50k	£10k to £100k	1	Isolated personal detail comprised	Impact on an individual or small group	Contained within service
3 = significant	Major injury to an individual	Significant damage to small building or minor damage to several	Litigation, claim or fine £50k to £250k	£100k to £500k	2-3	Several persons details revealed	Impact on a local community	Local public or press interested
4 = Major	Major injury to several people or death of an individual	Major damage to critical building or serious damage to several properties	Litigation, claim or fine £250k to £1m or custodial sentence imposed	£500k to £1m	4-14	Several persons details comprised	Impact on several communities	National public or press interested
5 = Critical	Death of several people	Total loss of critical building	Multiple civil or criminal actions. Litigation, claim or fine above £1m	>£1m	>14	All personal details revealed / comprised	Impact on whole of the borough	Officer(s) and/or members forced to resign

If you multiply the impact and likelihood score this will give you an overall profile score for the risk ranging between 2 and 25. This score can be plotted on the 5x5 risk matrix that has been adopted by the council.

LIKLIHOOD	Very likely	5	5	10	15	20	25
	Likely	4	4	8	12	16	20
	Possible	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	10
	Very unlikely	1	1	2	3	4	5
		1	2	3	4	5	
		Slight	Moderate	Significant	Major	Critical	
		IMPACT					

STEP 3 – PLAN

You have identified your risks and assigned a risk score, you now have to decide on your approach to managing the risk. This is done by using the 'Four T' approach below:

- Tolerate** The risk is accepted, making limited, if any, efforts to mitigate it or reduce its likelihood/impact. This may be because the cost of mitigation exceeds the consequence of the risk.

- Transfer** The risk rating is reduced by transferring the risk to a third party by changing contractual terms. Typically this would mean the council discontinuing the activity that gives rise to the risk, and sub-contracting/outsourcing that activity to another organisation. Other alternatives include insurance or private finance initiatives.

- Treat** Actions will be taken to reduce the risk, possibly by putting in additional controls.

- Terminate** The activity that gives rise to the risk will cease, be avoided or altered, thus eliminating the risk.

With the exception of taking a 'tolerate' approach you will now need to develop mitigating actions to evidence how you intend to manage the risk.

The next step is to add your risks to the relevant risk register on Covalent and add any mitigating action to the relevant plan.


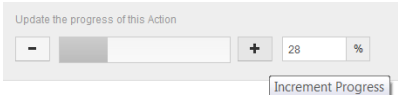


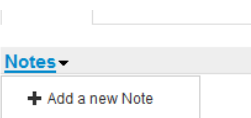


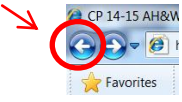


STEP 4 – CREATING RISKS ON COVALENT

Once you have developed a risk, please contact the Corporate Policy and Performance Team who will arrange to upload this information onto Covalent for you.

You will need to provide the risk title, the initial Impact and likelihood score, a manager &/or an assignee. This information should be e-mailed to Covalent@doncaster.gov.uk.

STEP 5 – REVIEW

As part of the monitoring and review process you will need to update your risks. This is done by following the steps below.

<p>Step 1</p>		<p>Click on the 'update' tab If this is a top level action select the 'action tree' tab , select the action you want to update then click on the 'update' tab</p>
<p>Step 2</p>		<p>Put the % complete figure in the box by either using the + or – buttons ot typing the amount directly into the box. Once updated select the  button.</p> <p>If the action is completed ensure 100 is in the % complete box and select the 'complete' button. Add the date the action was completed then select the  button.</p>
<p>Step 3</p>		<p>To add a note click on  button and then on '+ add a new note' and type in the text box. The note needs to explain the curent position of the action. Once completed select the  button.</p>
<p>Step 4</p>		<p>Click on the 'back' arrow on the top left of the screen until you are back on the scorecard and select the next action you want to update</p>
<p>Step 5</p>		<p>To return to your portal page click on the 'go to' tab on the top left of the  screen and select</p>

STEP 6 - REPORTING




Reporting the risk management framework is a process that applies at all stages in the risk lifecycle, though it is most critical at the monitoring stage. The quarterly performance process has an established reporting mechanism that is reviewed annually to ensure it remains effective. If you require reports in addition to the quarterly monitoring report please contact the Corporate Policy and Performance Team to discuss.

For further assistance with Covalent please call into one of the drop-in sessions every Tuesday or Thursday, e-mail Covalent@doncaster.gov.uk or contact Sennette Wroot (86233), Hayley Lloyd (737083), Sandra Ranns (737612) or Sheila Glynn (737623).

Risk Management Template

Objective:																		
Risk:																		
Risk Owner:						Risk Category:												
Original Risk Rating (Inherent Risk)						Measures to reduce risk					Remaining Risks (Residual Risk)							
		Slight	Moderate	Significant	Major	Critical						Slight	Moderate	Significant	Major	Critical		
		1	2	3	4	5						1	2	3	4	5		
Very likely	5	Yellow	Yellow	Yellow	Red	Red						Very likely	5	Yellow	Yellow	Yellow	Red	Red
Likely	4	Green	Yellow	Yellow	Yellow	Red						Likely	4	Green	Yellow	Yellow	Yellow	Red
Possible	3	Green	Yellow	Yellow	Yellow	Yellow						Possible	3	Green	Yellow	Yellow	Yellow	Yellow
Unlikely	2	Green	Green	Yellow	Yellow	Yellow						Unlikely	2	Green	Green	Yellow	Yellow	Yellow
Very unlikely	1	Green	Green	Green	Green	Yellow						Very unlikely	1	Green	Green	Green	Green	Yellow

Page 97

-  Risks rated 1 to 4 – Entered onto Covalent, linked to the relevant actions and reviewed annually.
-  Risks rated 4 to 16 - Entered onto Covalent, linked to the relevant actions, controls and mitigating actions recorded and reviewed quarterly as part of the challenge process
-  Risks rated 16 to 25 – Entered onto Covalent, linked to relevant actions, additional controls and mitigating actions recorded, reviewed quarterly as part of the challenge process and at Directorate Management Team meetings.

Further action planned to treat the residual risk		
Action	Target Date	Lead Officer

These actions need to be transferred onto Covalent as milestones against the relevant actions in your Head of Service Plan or Work Plan and reviewed as part of the quarterly performance monitoring process.

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To the Chair and Members of the AUDIT COMMITTEE

ANNUAL FRAUD REPORT – 2014/15 EXECUTIVE SUMMARY

1. Attached at Appendix A is the Annual Fraud Report 2014/15. The purpose of the report is to bring together in one document a summary of the work which has taken place in the period to prevent and detect fraud and corruption.
2. It should be noted that the incidence of fraud remains very low in overall terms, taking into account the Council's activities and spending.
3. The number of suspected fraud cases and other significant issues increased for the second year running during 2013/14. It is always difficult to determine the reasons for variations in these figures. Whistleblowing instances (as in previous years) remain low, instances where service management have referred an area or allegation for review however, have increased. The reasons for this are unknown but could be influenced by both the current financial climate and increased awareness of the Council's governance arrangements as promoted by the Council's Governance Group.
4. Investigation of cases highlighted by the Cabinet Office's National Fraud Initiative (previously the Audit Commissions National Fraud Initiative) identified savings for the Council in excess of £52k. These were recoveries made where it was identified that claims for housing benefit were fraudulent or incorrect and where single persons council tax discounts were cancelled after a member of the household reached 18 years old.
5. The Council investigated 730 potential fraudulent benefits cases (814 in 2013/14) and, from these, obtained 47 prosecutions (45 in 2013/14) and issued 15 cautions and penalties (28 in 2013/14). This drop in the number of penalties applied is reflective of the state of the economy and the difficulties in recovering these financial based penalties.
6. Significant changes are due to affect the Council in 2015/16 through the introduction of the Single Fraud Investigation Service. Currently, the Council employs specifically trained investigators to investigate benefits fraud from within. The Government, through HMRC and the Department for Work and Pensions (DWP), are working through a rolling program to incorporate housing benefits fraud investigators into the DWP. Some staff currently investigating benefits fraud within the Council will be TUPE transferred to SFIS with effect from September 2015. This transfer will transfer 2.5 FTE's to the DWP. Arrangements are underway to retain 1 investigator and 1 member of support staff along with a designated single point of contact. These are required in order to fulfil the requirements of the new SLA.

The staff retained are required to undertake;

- the intelligence gathering for SFIS,
 - interrogate local authority systems (including benefits, council tax, register of elections and other relevant systems) and provide data as appropriate,
 - undertake investigations remaining within the Council (local council tax support investigations are not within SFIS scope),
 - other out of scope activities such as: making decisions on cases, calculation of overpayments, providing all witness statements, recovery of any overpayments identified.
 - other activities which remain within the authorities control such as, investigation of National Fraud Initiative matches, housing benefit matching service referrals, FERIS (Fraud and Error Reduction Intelligence Service) activities and the checking of active claims on a risk basis. This will include the subsequent referral of any detected frauds into SFIS as appropriate.
7. The Council strives towards a zero-tolerance to fraud and corruption. However, it is acknowledged that prevention and detection of all fraud is, because of the fact that all such activities are deliberate and concealed, impossible. It is proposed to publish the Annual Fraud Report to help the Council demonstrate its commitment and act as a deterrent to further fraud.

RECOMMENDATION

8. The Audit Committee is asked to support the production of the Annual Fraud Report and agree to appropriate publicity being produced to highlight the outcomes from the Council's anti-fraud activity and to act as a deterrent to fraud.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

9. Fraud and corrupt activity divert scarce resources away from Council services. The cost the tax payer money that could have been used for the benefit of local citizens. Maintaining a strong counter fraud stance helps to minimise fraud losses and deter fraudulent activity.

BACKGROUND

10. The production of an annual fraud report, which details the work done to counter fraud and corruption, is in line with good practice recommended by CIPFA. Doncaster Council aims to foster a zero tolerance approach to fraud and seeks to educate staff on identifying fraudulent behaviour, educate managers to assess the risks of fraud in their areas and to detect and investigate fraud where it is identified.
11. During 2014/15, as part of delivering our anti-fraud and corruption strategy, the Council has:

- Reviewed and revised the existing Anti-Fraud and Corruption Framework and updated it in line with current best practice
- Started a review of current counter fraud practice based on the new CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (October 2014). An action plan will be produced following this assessment that will be monitored and reported separately to the Audit Committee. A statement on whether the Council complies with this code will be made in the Council's Annual Governance Statement in line with the code's requirements.
- Prepared and submitted the data sets required for use in the 2015/16 National Fraud Initiative exercise.
- Conducted data matching exercises using internal Council data to detect fraud and error and deal with any identified issues.

12. Priorities for the coming year are to:

- Review the National Fraud Initiative data matches and make appropriate recoveries.
- Complete the assessment of the Council's compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and implement any identified actions identified.
- Deliver further anti-fraud and corruption reviews in key risk areas of the Council
- Deliver, through the use of an external consultant, anti-fraud and corruption training to senior staff and service managers across the Council and roll out a version of this training on the learning portal for all other staff. It is anticipated that this will, at least in the short term, significantly increase the number of fraud referrals needing to be investigated.
- Highlight the consequences of committing fraud e.g dismissal, prosecution etc via several media methods, to increase deterrence.
- Prepare for the implementation of the SFIS and make recommendations for bridging any gaps identified within the Council's remaining capacity to investigate fraud and error.
- Continue with internal data matching initiatives to detect fraud and error including the setup of continual data matching between the Payroll and Accounts Payable systems to detect inappropriate or fraudulent employee supplier relationships. Further information on these initiatives was included within the Internal Audit Plan supplied to the Audit Committee in April 2015.

OPTIONS CONSIDERED

13. No other options were considered. The publication of this report is required in order to comply with Government requirements.

REASON FOR RECOMMENDED OPTION

14. Awareness of fraud is an integral part of preventing and detecting it. The publishing of this report acts as a deterrent and emphasises the Council's stance on fraud and corruption. The publication of this report is also required as part of the Government's Transparency Agenda.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

15. Fraud prevention and management contribute to the effective management of the Council's risks, which in turn directly contributes to the achievement of the Council's goals.

Priority	Implications
<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The safeguarding of public monies and the recovery of overpayments (fraud and error), ensures that monies are available to fund essential services and reduce the pressure on the Council's finances.</p>
<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>None</p>
<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>None</p>
<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The safeguarding of public monies and the recovery of overpayments (fraud and error), ensures that monies are available to fund essential services and reduce the pressure on the Council's finances.</p>
<p>We will deliver modern value for money services.</p>	<p>The safeguarding of public monies and the recovery of overpayments (fraud and error), ensures that monies are available to fund essential services and reduce the pressure on the Council's finances.</p>
<p>We will provide strong leadership and governance, working in partnership.</p>	<p>None</p>

RISKS AND ASSUMPTIONS

16. Failure to maintain robust arrangements for the prevention and detection of fraud and corruption increases the risk of loss to the Council from fraudulent activity and damages its reputation. The publication of this report is only a part of the anti-fraud and corruption arrangements for the Council. Further information is contained in the Anti-Fraud and Corruption Framework and in the Internal Audit Plan for 2015/16 financial year.

LEGAL IMPLICATIONS

17. The Council is obliged to minimise the loss of resources resulting from fraud and corruption. It is also obliged to publish the data in the Annual Fraud Report under the requirements of the Transparency Agenda. This information will be published on the Council's website.

FINANCIAL IMPLICATIONS

18. The outcomes from the Council's work in relation to preventing and detecting fraud and corruption are outlined in the attached report.

EQUALITY IMPLICATIONS

19. None

CONSULTATION

20. None

This report has significant implications in terms of the following:

Procurement		Crime & Disorder	X
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

Anti-Fraud and Corruption Framework

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ANNUAL FRAUD REPORT 2014/15

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INTRODUCTION

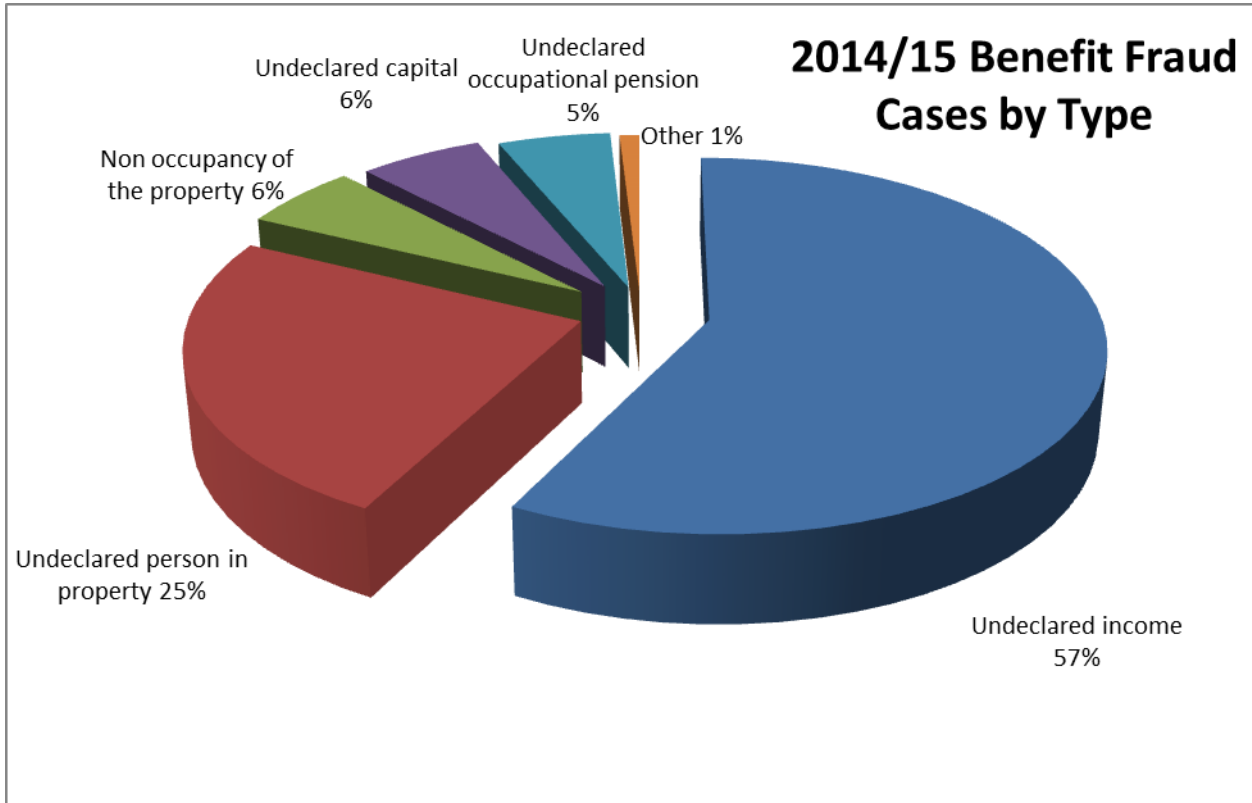
- 1.1 This fraud report is produced by Doncaster Council to raise awareness of the work the Council undertakes to manage the risk of fraud and corruption. It brings together, in one document, a summary of the outcomes of our work to prevent and detect fraud and corruption.
- 1.2 In the current economic position, we might expect to see an increased risk of losses through fraud and corruption as individuals and organisations look for ways to alleviate financial difficulties. In such a climate, the importance of minimising the risk of fraud is increased. Fraud losses increase the pressure on public funds and jeopardise front line services
- 1.3 Doncaster Council employs over 9,000 people (including authority schools) and has a yearly revenue gross expenditure of over £640m and capital spending of over £80m (these figures are from the 13/14 Statement of Accounts). The Council paid over £116m to Housing and Council Tax Benefits claimants during the 2014/15 financial year.
- 1.4 Like any organisation of this size, the Council can be vulnerable to fraud and corruption, both from within and from outside the organisation. The Council aims to minimise its risk of loss due to fraud and corruption recognising that any loss incurred is carried by the honest majority.
- 1.5** Any instances of fraud, corruption and other dishonesty endanger the achievement of the Council's policies and objectives as they divert its limited resources from the provision of services to the people of Doncaster. They also undermine the Council's reputation and threaten its financial standing. Consequently, the Council is determined to eliminate fraud and corruption where possible. This commitment is made in the Council's Anti-Fraud, Bribery and Corruption Framework.

- 2.1 The Council's primary aim remains to stop fraud from occurring. The Council has an Anti-Fraud and Corruption Framework in place and considers practical measures to strengthen our arrangements on a yearly basis.
- 2.2 In 2014/15, the Council's Revenues and Benefits Enforcement Team had 746 potential fraud cases referred to it and investigated 730. The service obtained 47 successful prosecutions for Housing and Council Tax Benefit Fraud (45 in 2013/14), issued 9 formal cautions (22 in 2013/14) and 6 administrative penalties (6 in 2013/14). The value of detected fraud / error in these cases was £899,115. (Please note that this includes overpayments where it was not possible / not in the public interest to prosecute)
- 2.3 Excluding Housing Benefits, the level of fraud committed against the Council remains very low for the size and complexity of organisation.

Benefit Fraud Investigations

- 3.1 It is recognised that the majority of people claiming benefits are honest and declare their correct circumstances when claiming benefit. Unfortunately, there are some who deliberately set out to defraud the benefit system. It is the job of the Council's Revenues and Benefits Enforcement Team (the Enforcement Team) to prevent, detect and deter benefit fraud.
- 3.2 The Team receives referrals of possible fraud cases from many sources. In 2014/15 in total the Enforcement Team received 746 new fraud referrals. The Enforcement Team investigated 730 cases during the year and found various types of fraud being committed as shown in the chart on the next page.

Frauds found by type



3.3 Examples of the type of cases are provided below.

Benefits Fraud Case Study

A claimant was referred for investigation due to the suspicion that he had savings in excess of £16,000 in an undeclared bank account. This information came from the Housing Benefit Matching Service (HBMS).

Checks were carried out with the relevant bank who confirmed that the claimant did have an undisclosed account. This bank account had not been declared on the benefits claim form and when statements for the account were obtained, it highlighted that the benefit customer had over £27,000 as well as another form of income.

The claimant was interviewed under caution where he admitted having the undeclared bank account but stated that the money was his son's. No proof of this was ever provided. Following adjudication, overpayments totaling over £9,000 were confirmed.

The claimant pleaded guilty at the first opportunity and the Magistrates imposed a fine. The claimant was also ordered to pay costs and a victim surcharge. The Court also awarded the Council a compensation order enforcing recovery of the overpaid benefit from the defendant.

Benefits Fraud Case Study

A claimant was referred for investigation due to the suspicion that she had failed to declare that her partner was living with her. This information came from the Council's Local Taxation Team.

Checks carried out with the Registry Office and a number of financial institutions revealed that the claimant had actually married her employed partner the previous year. She had also opened joint bank accounts, but, continued to use her maiden name.

The claimant was interviewed under caution along with an officer from the Department for Work & Pensions where she fully admitted the deception but refused to give any explanation. Following adjudication, overpayments totaling over £8,000 were confirmed.

The claimant pleaded guilty at the first opportunity stating she was now "relieved" that everything was finally all out in the open. The Magistrates imposed an 8 week curfew and the claimant was ordered to pay costs and a victim surcharge. The Court again awarded the Council a compensation order enforcing recovery of the overpaid benefit from the defendant.

3.4 A summary of the number of prosecutions, cautions and administrative penalties is shown in the following table.

Number of formal actions taken – 2011/12 to 2014/15 – Benefits Fraud:

Year	Formal Cautions	Administrative Penalties	Successful Prosecutions	Total Sanctions
2011/12	104	60	57	221
2012/13	56	18	30	104
2013/14	22	6	45	73
2014/15	9	6	47	62

3.5 Last year the Council's Enforcement Team continued to concentrate its resources on cases where there was greater potential to uncover higher value frauds. Real Time Information (RTI) Referrals from HMRC has contributed towards pursuing this strategy.

3.6 Although the number of Formal Cautions that were issued has reduced further, this was again expected due to the Council's continuation to target high value fraud referrals.

This strategy has been effective in increasing the number of successful prosecutions for a second year.

4

THE LEVEL OF GENERAL FRAUD

- 4.1 Once again this year the overall level of fraud remained very low taking into account the Council's activities and spending.
- 4.2 The number of concerns raised with Internal Audit increased during the year to 14 referrals (there were 10 in 2013/14). A summary of the key outcomes is given below. Please note that for confidentiality reasons, any information that would indicate the names of the individuals involved has been removed. Please note that a summary of every case has NOT been given. This is due to the fact that, for some cases, disciplinary action is still ongoing. Information has been provided where possible.
- Planning concerns – A member of the public raised concerns of fraud and corruption regarding the handling of 3 planning cases. These issues were fully investigated and no fraud or corruption was found.
 - Supplier relationships – concerns were raised by a manager after it was found that there was a familial relationship between a member of staff working in their team and a large supplier that they regularly used. This arrangement was reviewed. No fraudulent or corrupt practices were found and arrangements were put in place to manage the conflict of interest.
 - Recruitment and supplier frauds – concerns were raised by a member of staff about inappropriate supplier relationships with managers and inappropriate recruitment exercises. Many allegations were made. No fraud or inappropriate conduct was found. All recruitment exercises were properly conducted and all contracts were being properly administered.
 - Financial abuse – concerns were raised with the Council by the Police. Suspicions of fraud / theft were being investigated by the Police in a Doncaster care home after the clients family identified monies missing from their family members bank account . (This was not a Council owned care home, this was a private care home in which the Council had placed clients).

The financial records of other clients at the Home were reviewed by Internal Audit. Whilst there were some issues with the records and some missing receipts, there was no conclusive evidence of any fraud in the remaining client records. A lack of records to track the cash transactions meant that the Police continued with their original case. This case is still progressing.

- Employee benefits fraud – 2 cases of employee benefits fraud were investigated during the year. In both cases, the employees were prosecuted for fraud through the courts. In 1 case the employee was subsequently dismissed. Disciplinary action for the second case is scheduled.
- Theft of stocks – Investigations took place regarding the suspected theft of stocks by an employee and the re-sale of these items on auction sites. Sales history of the individuals online account showed 2 items that may have originally belonged to the Council, however, because the items had already been sold, it was not possible to determine whether these were actually owned by the Council. No further activity has been detected.

4.3 Where frauds have been identified or control weaknesses found, Internal Audit has followed up in these areas to ensure tighter financial controls are introduced to reduce the risk of further problems arising.

5

NATIONAL FRAUD INITIATIVE

Background

5.1 The National Fraud Initiative (NFI), run by the Audit Commission, matches electronic data within and between some 1,300 public and private sector organisations to highlight potentially fraudulent activity. The initiative works by comparing different sets of data, like payroll and housing benefits records, and flagging unusual combinations such as any person claiming housing benefits from more than one local authority or any person claiming housing benefits while failing to disclose his/her employment .

- 5.2 Generally, the NFI matches are performed every 2 years. For the 2014/15 year, the initiative looked at matches concerning housing benefits, pensions payments, housing tenancies and applications, Right to Buy Applications, payroll payments, creditor payments, blue badge and residential parking permits, care home payments, licenses for Market Traders, Personal Alcohol Licenses and Taxis, and Insurance Claims.
- 5.3 Work is ongoing on all the matches received and to date over £15,300 of savings have been identified. £11,000 relates to Housing benefit overpayments and £4,300 relates to individuals receiving payments for community care services (Personal Budgets).
- 5.4 Checks on other matches are still in their early stages and in addition to checking purely these NFI matches, there are other specific reviews and investigations currently being carried out or planned to be carried out which will incorporate these matches.
- 5.5 Investigation of blue badge and residential parking permits matches will be carried out in 2014/15. Work on all the other data streams identified in 5.2 has been completed but no further savings were identified.
- 5.6 The previously reported 2013/14 NFI matching exercise savings of £43,391, all related to housing benefit overpayments. This total has been further increased by £8,728 relating to cancelled single person discounts from persons reaching the age of 18 years.
- 5.7 Whilst these overall savings are low compared to the amount of resource time involved with the matching process, were still considered to be beneficial to the Council in that it provides assurance that controls are working effectively. All reports are dealt with / investigated on a risk basis with the priority given to the best quality data matches. Where the highest quality matches fail to identify any savings frauds or issues, work is discontinued to preserve resources as much as possible.
- 5.8 Data matches highlighted by the Audit Commission from the 2014/15 exercise continue to be investigated and final results will be included within the 2015/16 Annual Fraud Report.

MANAGING THE RISK OF FRAUD AND CORRUPTION

- 6.1 The Council has recently updated and simplified its Anti-Fraud Bribery and Corruption Framework and has published this as part of the Council's governance arrangements.
- 6.2 In 2015/16 we will:
- Continue to investigate matches generated by the National Fraud Initiative as they are released and prepare for the 2015/16 data submission.
 - Continue to perform internal data matching initiatives to detect fraud and error, including the use of continual analytics to identify duplicated creditor payments and employee supplier relationships.
 - Oversee the implementation of the any actions arising from the assessment of our compliance with the CIPFA Code of Practice on Managing Fraud and Corruption.
 - Continue to deliver anti-fraud and corruption reviews in key risk areas of the council as identified though our Fraud and Bribery Risk Registers.
 - Procure and deliver high level anti-fraud training for senior managers and a series of fraud risk workshops to update our fraud risk registers.
 - Promote the consequences of committing fraud e.g. dismissal, prosecution etc via suitable media sources.
 - Assess the impact of the Single Fraud Investigation Service on the Council's ability to investigate fraud, corruption and error and make recommendations for any gaps identified as a result of the changes.
- 6.3 As part of our on-going commitment we will continue to monitor and report upon the outcomes of our anti-fraud and corruption work.

7

REPORTING YOUR CONCERNS

7.1 If you have any concerns, please report your suspicions as quickly as possible together with all relevant details. You can report any concerns to the Internal Audit fraud hotline on 01302 862940 or using any of the methods or contacts identified in the Whistleblowing Policy.

7.2 8.2 Alternatively you may prefer to put your concerns in writing to the: -

Head of Internal Audit
Internal Audit Services, Civic Office,
Waterdale,
Doncaster,
DN1 3BU

Please mark the envelope —
“CONFIDENTIAL — TO BE OPENED BY THE ADDRESSEE ONLY”.

8.3 The Council would prefer you not to provide information anonymously as any subsequent investigation could be compromised if we cannot contact you to help gain a full understanding of the issues. However, we will still consider anonymous information that is received. All reported suspicions will be dealt with sensitively and confidentially.

8.4 If you wish to report any suspicions in relation to Benefit Fraud please contact the team on their benefits fraud hotline on 01302 735343 or complete the online form “Report a Benefit Cheat “. This can be found on the Council’s website.

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To the Chair and Members of the AUDIT COMMITTEE

UPDATE ON THE ANTI-FRAUD BRIBERY AND CORRUPTION FRAMEWORK

EXECUTIVE SUMMARY

1. In July 2014, the Audit Committee approved updates to Council's Anti-Fraud Bribery and Corruption Framework. Following changes in best practice, this framework has again been updated. It is important that the Framework remains up to date and robust and that it supports counter fraud activities across the Council to protect public funds. This is because it plays an important part in the Council's corporate governance framework and reinforces the anti-fraud message and anti-fraud culture in the Council.
2. The Framework has undergone significant changes to bring it into line with the Local Government Strategy – Fighting Fraud Locally and changes recommended by the new CIPFA Code of Practice for Managing the Risk of Fraud and Corruption.
3. Specific changes include: -
 - realignment of the framework to match the key elements of fighting fraud as defined in the Local Government Strategy – Fighting Fraud Locally. Much of the original framework remains but has been re-ordered to match the elements of the above strategy.
 - re-inclusion of a Fraud Response Plan in line with best practice. This plan outlines the authorities procedures for ensuring that fraud is properly investigated; whether it is received through manager referral to Internal Audit, through the complaints process or through the whistleblowing process.
 - updates to fraud definitions and the inclusion of plain English interpretations and relevant examples.
 - language changes to attempt to make the policy more readable and understandable.
 - removal of sections of the framework that duplicated elements of the Whistleblowing Policy.
 - clarified the linkages between the Whistleblowing Policy, Complaints Policy and Anti-Fraud and Corruption Framework.

RECOMMENDATION

4. The Audit Committee is asked to approve the revised Anti-Fraud and Corruption Framework.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. Fraud and corrupt activity divert scarce resources away from Council services. The cost the tax payer money that could have been used for the benefit of local citizens. Maintaining a strong counter fraud stance helps to minimise fraud losses and deter fraudulent activity.

BACKGROUND

6. The production and maintenance of the Anti-Fraud and Corruption Framework supports the corporate governance activities and help to create and maintain a culture where fraud is not tolerated and is actively pursued.
7. This Framework was last reviewed in July 2014. The Framework required significant updates to stay in line with recommended best practice. The world of fraud is constantly changing the threats faced by the Council and its citizens evolve on a daily basis as fraudsters seek ever more imaginative ways to take advantage of systems, changes and new technologies. Having a robust and fit for purpose Anti-Fraud and Corruption Framework ensures that the Council has the strategy and tools to continue the fight against fraud to the public purse.
8. Changes are due again to the Local Government Strategy – Fighting Fraud Locally in late 2015. When complete, any further necessary changes will be incorporated into the 2015/16 review of this framework.
9. In addition to the above, an assessment is currently being made of the Council's arrangements to manage fraud risk in line with the new CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. When complete, the assessment and any associated action plan will be reported to the Audit Committee for awareness and approval.

OPTIONS CONSIDERED

10. No other options were considered.

REASON FOR RECOMMENDED OPTION

11. Awareness of fraud is an integral part of preventing and detecting it. The publishing of this framework acts as a deterrent and emphasises the Council's stance on fraud and corruption. A regular review and refresh of this framework is needed in order to maintain a robust stance on fraud.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

12. Fraud prevention and management contribute to the effective management of the Council's risks, which in turn directly contributes to the achievement of the Council's goals.

Priority	Implications
<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The safeguarding of public monies and the recovery of overpayments (fraud and error), ensures that monies are available to fund essential services and reduce the pressure on the Council's finances.</p>
<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>None</p>
<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>None</p>
<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The safeguarding of public monies and the recovery of overpayments (fraud and error), ensures that monies are available to fund essential services and reduce the pressure on the Council's finances.</p>
<p>We will deliver modern value for money services.</p>	
<p>We will provide strong leadership and governance, working in partnership.</p>	<p>None</p>

RISKS AND ASSUMPTIONS

13. Failure to maintain robust arrangements for the prevention and detection of fraud and corruption increases the risk of loss to the Council from fraudulent activity and damages its reputation. The publication of this framework ensures that employees, managers and elected members are aware of their responsibilities in respect of fraud and reinforces the Council's stance on fraud and corruption.

LEGAL IMPLICATIONS

14. The Council is obliged to minimise the loss of resources resulting from fraud and corruption and protect public funds. Publication of this framework sets out the Council's policy, strategy and procedures for preventing, detecting and combatting fraud in line with this obligation.

FINANCIAL IMPLICATIONS

15. The prevention, detection and pursuit of fraud and the recovery of fraud losses, minimise any losses to Council budgets and minimise the cost to the tax payer enabling the Council to concentrate funds on essential services.

EQUALITY IMPLICATIONS

16. None

CONSULTATION

17. None

This report has significant implications in terms of the following:

Procurement		Crime & Disorder	X
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

Anti-Fraud and Corruption Framework

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Anti-Fraud Bribery and Corruption Fact Sheet

This factsheet is aimed at Doncaster Council Members and officers

Doncaster Council is committed to the highest possible standards of openness, probity and accountability. We expect that Members and officers at all levels will protect the Council and its resources and lead by example, ensuring high standards of personal conduct and adherence to the Council's policies, procedures and rules.

What is fraud, theft, bribery or corruption?

Each has a different definition. All are defined in law. Below are simple definitions of these criminal acts.

Fraud – An act of deliberate deception made with the intent to gain a benefit from that deception or cause a loss to someone else. This can include; deception by making a false statement, representation or claim; by deliberately withholding information or by abusing a position of trust for the individuals own personal benefit.

Theft .- The taking of property that belongs to someone else, dishonestly and without permission with the intent to deprive them of it. Such as the taking of cash, stocks or assets like vehicles or equipment.

Corruption or Bribery – The offering or acceptance of any form of incentive, money or other benefit, by an employee to do something that they know that they shouldn't such as award a contract to the bribing party or provide confidential or sensitive information to another party.

All of these acts involve 2 key elements; dishonesty and personal benefit or gain. Personal gains don't need to involve money. A personal benefit or gain can goods or services received or even escaping a penalty or fine in return for an advantage provided.

Why is stopping these important?

Sometimes, people see fraud (or any of the other acts), against public authorities as a victimless crime; that it hurts no one. This is untrue. Public funds come from tax payers in a variety of forms. All public monies ultimately come from the general public. Any losses from public monies by these acts push up taxes and cost the general public indirectly. Where fraud is committed against the Council, every tax payer eventually bears the cost and this reduces the spending power of the Council and leaves less resources available to fund vital services to the people of Doncaster.

What is 'The Anti-Fraud and Corruption Framework'?

The Anti-Fraud, Bribery and Corruption Framework is part of the Council's Governance Framework and outlines:-

- the Council's stance on fraud.
- that the Council seeks to maintain an anti-fraud culture within the Council and its partners.
- that it expects its elected members, employees and those acting on its behalf to behave ethically and in line with the Council's codes of conduct.
- how the Council will tackle fraud, theft bribery and corruption.
- what responsibilities are placed on employees, managers and key persons in the Council.
- what it will do if it finds or receives allegations about fraudulent or corrupt activities.

- that it will take criminal or civil action against those committing fraud.
- that it will try to recover any losses resulting from fraud.

The Framework is closely linked to the Whistleblowing Policy. The Council encourages everyone with concerns about fraud and corruption being committed, either against the Council or from within, to report their concerns in line with the Whistleblowing Policy or to Internal Audit via the Fraud Hotline on 01302 862931. Full contact details are included within the WhistleBlowing factsheet. This can be found on the Council’s website at www.doncaster.gov.uk.

What are your responsibilities if you are a Member or an employee of the Council?

As a Member or an employee, you have a responsibility to:-

- report any concerns or anything you witness that you think could be fraud or corruption;
- act in accordance with the rules and procedures adopted by the Council, especially when spending the Council’s money and using its assets;
- behave honestly and in line with your Code of Conduct in all your work and dealings;
- declare any interest you have that could conflict with the Council’s interest so that any steps needed can be taken to protect both you and the Council;
- declare any gifts or hospitality you are offered.

What will happen if I report concerns about fraud, theft, bribery and corruption?

All concerns of fraud, theft, bribery or corruption received are taken very seriously. We will investigate concerns and will not tolerate instances of fraud. Wherever it is in the public’s best interest, we will take action criminal or civil against anyone committing fraud against the Council in line with the Council’s Sanctions / Prosecution Policy. We will seek to recover any losses from public funds, wherever possible, so as to limit the cost of such activities to the general public.

We will try, in line with the requirements of the Whistleblowing Policy, to keep you informed about the progress of any investigation (if you have left us contact information when you raised your concerns). However, in some instances it may be that only limited information can be released. Each case will be different and a decision will be made in each case as to what can be released without risking the investigation or any potential prosecution or sanction being applied.

What to do if you suspect fraud or corruption

<p>If you suspect that someone is committing an act of fraud or corruption against the Council, it is important that you raise your concerns as soon as you can. Referrals can be made in line with the Whistleblowing Policy or by contacting Internal Audit Services on the Fraud Hotline on 01302 862391.</p>	<p>Please don’t try to investigate something yourself. This can damage evidence and could hamper an investigation or prevent us from being able to prosecute anything we find is happening.</p> <p>Please don’t confront anyone. This could put your safety at risk and could alert them to a possible investigation. Evidence may be destroyed if this happens.</p>
<p>If your concerns relate to an immediate threat to life or terrorism, you should call the Police by telephone on 999.</p>	<p>Please don’t wait or think your concerns are trivial. Often, when fraud is uncovered, the first thing people say is that they knew something was wrong. Delays can cause further losses.</p>

Further information

Further information on the Anti-Fraud and Corruption Framework can be found in the full framework document. Further information on Whistleblowing can be found in either the Whistleblowing Fact sheet or the full Whistleblowing Policy.

All of these documents are available on the Council’s website at www.doncaster.gov.uk.

DONCASTER COUNCIL ANTI-FRAUD, BRIBERY AND CORRUPTION FRAMEWORK

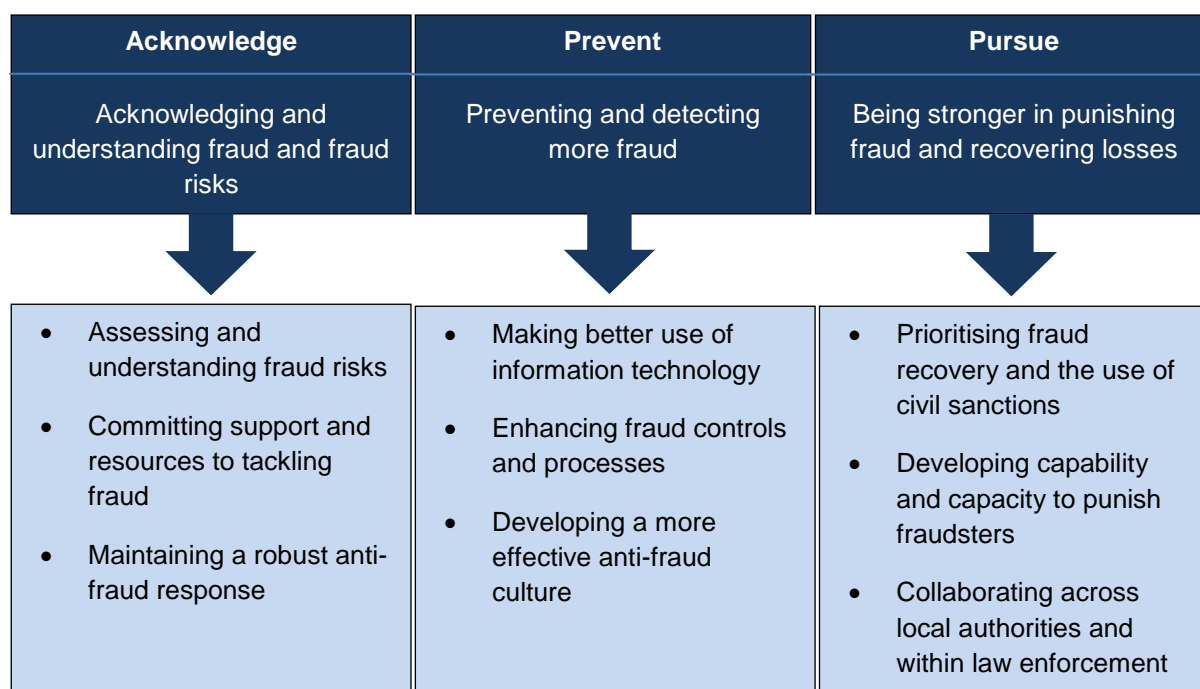
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ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

1. Introduction

- 1.1. Fraud and corruption is a constant threat to public services. The Audit Commissions *Protecting the Public Purse* report 2014, estimates fraud losses for local government to be £2.1 billion per annum (excluding housing benefits fraud).
- 1.2. Fraud is sometimes seen as a victimless crime, but this is never the case. Fraud against local authorities pushes up costs, prices and reduces the amount of spending power available to councils to commission / provide services for citizens. Fraud, harms all members of the public and undermines the Council's overall aim to ensure that Doncaster and its people thrive. (Team Doncaster Charter).
- 1.3. The Council takes its responsibilities to protect the public purse very seriously and is committed to the highest standards of openness and accountability in order to ensure the proper use and protection of public funds and assets. Doncaster Council will not, therefore, tolerate fraud, bribery or corruption in any area of Council activity and will take all necessary steps to prevent fraud (where possible), investigate fraud where it is detected or reported and pursue appropriate sanctions against those involved in fraudulent or corrupt activities.
- 1.4. Our approach to this is based on the Local Government Fraud Strategy: *Fighting Fraud Locally* and is based on 3 key themes.



- 1.5. In addition to the *Fighting Fraud Locally* Strategy, a recent Counter Fraud Code of Practice has been released by CIPFA. An assessment of compliance

with this code is currently being undertaken. When complete, an appropriate action plan will be drafted highlighting any areas for improvement. This, and associated progress, will be reported to the Audit Committee. Where necessary, elements of the Code of Practice that affect this policy and strategy have been taken into account during the refresh of these documents.

2. Our aims

- 2.1. This Anti-Fraud, Bribery and Corruption Policy and accompanying documents, intend to set out the Council's stance on fraud, corruption or other dishonest acts and reinforce an open and honest culture. Doncaster Council is committed to the highest possible standards of openness, probity and accountability. We expect that elected members and officers at all levels will protect the Council and its resources and lead by example, ensuring high standards of personal conduct and adherence to the Council's policies, procedures and rules.
- 2.2. The Council expects the same level of honesty from its partners, agents, contractors, suppliers and the public in all of its interactions.
- 2.3. This framework contains: -
 - **The Policy Statement** identifies the Council's overall stance relating to fraud and its expectations and defines fraud and corruption.
 - **The Strategy** describes the Council's approach to minimising the risk of fraud. The key objectives of the Strategy are to enable the Council to minimise risk and any losses it experiences through fraud, bribery and/or corruption and to embed the management of fraud risk within the culture of the organisation.
 - **The Fraud Response Plan** outlines the Council's approach to dealing with detected and reported instances of fraud and corruption and how this fits in with other Council policies and procedures.
 - **The Prosecution Policy** outlines the Council's commitment to seek remedy and take action / prosecute those responsible for fraudulent or corrupt acts.
- 2.4. Specifically, this framework and its elements aim to:-
 - promote a culture of honesty; an anti-fraud culture.
 - define and explain the roles of key parties to this framework.
 - promote the prevention of fraud and corruption.
 - aid the detection of fraud and corruption.
 - ensure the effective investigation in all cases where suspected fraud or corruption has occurred.

- explain what we will do if we identify any cases of fraud and corruption and what action we will take.

2.5. This framework specifically applies to :-

- councillors
- employees
- agency staff
- contractors
- consultants
- suppliers
- service users
- members of organisations funded by Doncaster Council
- employees of principal partner organisations

3. What are Fraud, Theft and Bribery?

Fraud

3.1. The Fraud Act 2006 came into force on 15th January, 2007. The Act created a single offence of fraud and defined this in three classes:

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

3.2. Each of the above (3.1) has a slightly different fraud definition. The 3 main definitions are given below as defined by the Fraud Act 2006.

Fraud by False Representation

'A person is guilty of fraud by false representation if they dishonestly make a false representation and intend by making the representation, to make a gain for himself or another, or to cause loss to another, or to expose another to the risk of a loss'

Fraud by Failing to Disclose Information

'A person is guilty of fraud by failing to disclose information if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose and intends by failing to disclose the information to make a gain for himself or another or to cause loss to another or expose another to a risk of loss'

Fraud by Abuse of Position

'A person is guilty of fraud by abuse of position if he occupies a position in which he is expected to safeguard, or not act against, the financial interest of another person, dishonestly abuses that position and intends by doing so to make a gain for himself or another, or to cause loss to another, or to expose another to a risk of a loss'

- 3.3. Put simply, fraud offences are a dishonest act where an individual deliberately does something dishonest or abuses their position with the intent of gaining a benefit / advantage for themselves or to cause someone else a disadvantage. Benefits can be cash, the avoidance of a fine or penalty or the receipt of goods and services.
- 3.4. Some examples of fraud include:
- The dishonest completion of claim forms such as benefit or grant claims in order to secure a grant or benefits to which someone is not entitled.
 - Dishonest completion of expense or mileage claim forms.
 - Abuse of Council services for personal use.
 - Dishonest awards of contracts to family or friends.
 - Dishonest manipulation of performance information or targets to award pay increments or other incentives etc.

Theft

- 3.5. Fraud is different to theft, which is defined in the 1968 Theft Act as:
'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'
- 3.6. Put simply, theft offences are again a dishonesty offence where an individual deliberately and dishonestly takes something (this can be something physical such as cash or an item or an intellectual property item such as an idea or design), that is not theirs to take and uses it for their own purposes without permission.
- 3.7. Examples of theft include the stealing of assets / goods / stocks, misuse grants and public funds for purposes other than they were made available or theft of cash or equipment.

Bribery

- 3.8. Bribery is defined in the Bribery Act 2010. Broadly, the Act defines bribery as *“giving or receiving a financial or other advantage in connection with the “improper performance” of a position of trust, or a function that is expected to be performed impartially or in good faith”*.
- 3.9. Put simply, bribery is the offering or acceptance of an incentive in order to do something that you know that you shouldn't or not do something that you know you should. Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event.
- 3.10. The act created 4 main bribery offences
- Bribing another person
 - Requesting or accepting a bribe
 - Bribing a foreign official
 - Failure of a commercial organisation to prevent bribery
- 3.11. Whilst the Council is not normally considered to be a “commercial organisation”, the term is used to describe any organisation in the UK that engages in commercial activities regardless of whether it pursues charitable, education aims or purely public functions. For the purposes of applying the Bribery Act 2010, the Council is treated as a commercial organisation and, therefore, needs to take appropriate steps, including the provision of appropriate procedures, to prevent bribery taking place.
- 3.12. Examples of bribery would include: the offering or acceptance, by any Council official or representative, of any incentive for them to do something that they should not such as; make a decision contrary to policies or procedures, disclose information that they should not or provide or deny services contrary to policies or entitlements. This could be offering tickets to a football match to gain advantage or information on the awarding of a contract but there are many other possibilities.
- 3.13. Prior to the Fraud and Bribery Acts, the term ‘corruption’ was used to describe fraudulent acts and bribes. This term is now used collectively to refer to dishonest acts covered by the outlined acts.

4. Anti-Fraud, Bribery and Corruption Framework

- 4.1. The Council's Anti-Fraud, Bribery and Corruption Policy, Strategy Fraud Response Plan and Prosecution Policy form the Council's Anti-Fraud, Bribery and Corruption Framework. The Framework is a series of inter-related actions

and procedures designed to prevent and detect fraud, bribery or corruption and to take robust action where it is suspected.

- 4.2. The Council is committed to the continuous development of the Framework to ensure that it remains up to date and valid in the light of the dynamic risk environment in which the Council operates.
- 4.3. The Policy, Strategy and Framework all form part of the Council's wider governance arrangements that are designed to ensure the Council conducts its business effectively and properly, including safeguarding its resources and effectively meeting its responsibility for the safe stewardship of Public money. More details on the Governance arrangements can be found on the Council's Intranet site for employees, or on the Council's website under Council Policies. A visual representation of the wider governance framework is available at Appendix 1.

5. Expectations

- 5.1. Doncaster Council expects all Members, employees and those acting as its agents to conduct themselves in accordance with the seven principles of public life. These are defined by the Committee for Standards on Public Life and were revised in January 2013, but, were first published by the Nolan Committee in 1995.
- 5.2. The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally or locally, and all people appointed to work in the civil service, local government, the police, courts and probation services, non-departmental public bodies, in health, education and social and care services. All public office holders are both servants of the public and stewards of public resources. These principles also apply to those in other services delivering public services. These principles are as follows:
 - Selflessness -
Holders of public office should act solely in terms of the public interest
 - Integrity -
Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.
 - Objectivity -
Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

- Accountability -
Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
 - Openness –
Holder of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
 - Leadership -
Holders of public office should exhibit these principals in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- 5.3. The Council requires Members and employees at all levels to lead by example in adhering to legal requirements, financial rules, contract procedure rules, codes of conduct, and prescribed procedures and practices.
- 5.4. The Council requires directors and other senior managers to design and operate systems and procedures that will minimise losses due to fraud, bribery, and other dishonest action.
- 5.5. The Council expects Members and employees to be alert to the possibility of fraud, bribery and corruption in all their dealings and report suspicious activity via the Whistleblowing Procedures.
- 5.6. The Council will not tolerate fraud. Employees found to be defrauding the council face dismissal under the disciplinary process. Employees and any other parties defrauding the Council e.g. claimants or contractors will have their cases referred to the Police wherever this is in the public interest.

6. Related Policies and Procedures

- 6.1. Whilst the Anti-Fraud, Bribery and Corruption Framework forms part of the Council's wider governance arrangements, there are a number of policies and procedures that are particularly relevant. These policies are as follows:-
- The Whistleblowing Policy
 - The Grievance Policy and Procedures
 - The Employee Code of Conduct
 - The Members Code of Conduct
 - The Complaints Policy
 - Disciplinary Policy and Procedures

7. Responsibility for this Document

- 7.1. The Chief Executive has overall responsibility for the maintenance and operation of this framework. The Chief Executive is supported in this by the Director of Finance and Corporate Services, Assistant Director of Finance and Performance, Assistant Director of Human Resources and Communications, Assistant Director of Legal and Democratic Services and the Head of Internal Audit.

8. Review

- 8.1. Fraud arrangements are continually reviewed. An annual review of this framework is carried out and the documents are revised as appropriate to reflect any key changes and to incorporate current best practice.
- 8.2. In assessing the effectiveness of its arrangements, the Council will consider the extent to which:
- key personnel are trained in detecting and investigating fraud,
 - fraud risks and new areas of fraud – fraud is an ever developing risk and arrangements need to continually evolve in order to maintain a robust response.
 - there are identified incidents of fraud and corruption.
 - action is taken against perpetrators and attempts to recover losses.
 - the Council responds to identified weaknesses in its systems and controls.
 - developments in technology affect the Council's ability prevent and to detect fraud.
 - data sharing and joint working initiatives are used to prevent and detect fraud.
- 8.3. An Annual Fraud Report is produced showing the outcomes of the Council's anti-fraud work and a counter fraud plan is included within the annual internal audit plan.
- 8.4. In order to keep abreast of key changes we undertake ongoing reviews of national issues and developments. Information from a range of sources is obtained and used in keeping our plans up to date, including from the HM Treasury, CIPFA Counter Fraud Centre, CIPFA Better Governance Forum, the National Fraud Authority and the National Anti-Fraud Network. We also meet with other South and West Yorkshire local authorities to share information on fraud risks and best practice.

ANTI-FRAUD, BRIBERY AND CORRUPTION STRATEGY

1. Introduction

- 1.1. The Strategy describes the Council's approach to minimising the risk of fraud and dealing with any identified or suspected instances of fraud and corruption. The key objectives of the Strategy are to enable the Council to reduce the opportunity for fraud and to create a culture where fraud is unacceptable.
- 1.2. This strategy takes into account the 2014 CIPFA Code of Practice for Managing the Risk of Fraud and Corruption. An assessment of compliance with this code is underway. Where appropriate, an action plan will be created and monitored to ensure any identified improvements are taken forward.
- 1.3. This strategy is based on the Local Government Fraud Strategy, "Fighting Fraud Locally".
- 1.4. It should be noted that the Council has a stand-alone Benefits Fraud Policy and supporting Benefits Investigation Procedures. Whilst the general principles of this framework apply to both policies, this framework is intended to deal with none-benefits claim related fraud. More information on the Benefits Fraud Policy and procedures can be found at www.doncaster.gov.uk.

2. Key elements - Acknowledge

- 2.1. The way in which the Council manages the risk of fraud, bribery and corruption is shown in diagram form in the Anti-Fraud, Bribery and Corruption Framework, which can be seen in Appendix 1. The Anti-Fraud, Bribery and Corruption Policy and Strategy are just part of the wider governance framework which includes other key policies such as the Code of Conduct, financial and contract procedure rules, whistleblowing policies etc.
- 2.2. Recognising that fraud exists is key to tackling fraud and corruption in any organisation. Fraud is an ever evolving problem. It can range from a simple theft, con or scam to complex fraud affecting financial statements involving many companies and transactions. Fraudulent acts now make more and more use of new technologies and technological changes are always at risk of being exploited by fraudsters.
- 2.3. The Council acknowledges its responsibility for combatting fraud and corruption from both within and external to the organisation. The responsibility for anti-fraud arrangements is widely dispersed. Members, in particular through the Cabinet and the Audit Committee, have to give clear support to the Council's arrangements. The Council's senior management team must provide strong leadership by advocating the Council's arrangements and supporting strong action when these are ignored. There is a strong correlation / relationship between good governance and good counter fraud operations.

- 2.4. The Chief Executive and Director of Finance and Corporate Services are responsible for ensuring there are strong and effective arrangements in place for managing the risk of fraud and ensuring the Council's interests are safeguarded, including its reputation.
- 2.5. Fraud risk is managed through the existence, and application, of appropriate policies and procedures and through the introduction of relevant control systems. These systems are the overall responsibility of managers throughout the Council. Consideration of fraud risks must be an integral part of everyday business decisions, project and change management and overall strategy.
- 2.6. Council managers have overall responsibility for acknowledging, assessing and managing the individual fraud risks relevant to their service areas. Assistance with this is available from Internal Audit where requested.
- 2.7. Internal audit will acknowledge and seek to include the review of fraud risks on any internal audit work carried out.
- 2.8. It is the responsibility of the Chief Executive in conjunction with the Director for Finance and Corporate Services as the Council's statutory Section 151 Officer to determine, and provide for, an appropriate level of resources to counter the risk of fraud and corruption identified for the Council. In practice, this is informed by the level of detected fraud, identified fraud and corruption risks and assessments of counter fraud activities undertaken within Internal Audit Services.
- 2.9. Counter fraud resources for the Council are currently dispersed with counter fraud activities being provided by Internal Audit, Benefits Enforcement, Trading Standards, Parking Services and elements of other service delivery areas such as Adults Health and Wellbeing in the case of counter fraud activities in relation to direct payments.
- 2.10. A list of potential fraud areas is included below. Please note that this list is not exhaustive.
 - Housing benefit claims.
 - Council tax exemptions and discounts.
 - Business rates exemptions and discounts.
 - Right to buy sales.
 - Social care and direct payment activities.
 - Insurance claims.
 - Disabled parking (including blue badge misuse).
 - Procurement.

- Housing tenancy fraud and illegal subletting.
- Pensions.
- Means tested services and grants.
- Creditor payments.
- Payroll claims and payments.
- Recruitment.
- Misuse of, misappropriation or theft of assets.
- Cash collection and cash payment systems.

3. Key elements – Prevent

- 3.1. The responsibility for anti-fraud arrangements is widely dispersed. Members, in particular through the Cabinet and the Audit Committee, have to give clear support to the Council's arrangements. The Council's senior management team must provide strong leadership by advocating the Council's arrangements and supporting strong action when these are ignored.
- 3.2. The Chief Executive and Director of Finance and Corporate Services are responsible for ensuring there are strong and effective arrangements in place for managing the risk of fraud and ensuring the Council's interests are safeguarded, including its reputation.
- 3.3. The Council has adopted a Constitution which shows responsibilities for decision making and includes various contract and financial procedure rules. All Members and officers are required to act in accordance with these rules and requirements when carrying out their duties.
- 3.4. The Council aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses. The prime responsibility for maintaining such systems lies with service managers. Support is given by the Council's Internal Audit Team, which provides an independent appraisal of the integrity of all internal control systems.
- 3.5. Key internal procedural and control initiatives in place within the Council to prevent fraud include: -
 - an effective Anti-Fraud, Bribery and Corruption Policy and Strategy, that maintains a culture in which we will not tolerate fraud, bribery or corruption.
 - a strong constitution and high level scheme of delegation.
 - compliance by officers and Members with respective codes of conduct.

- a Register of Interests to enable Members and employees to record any financial or non-financial interests that may bring about conflict with the Council's interests.
- a Register of Gifts and Hospitality to enable employees and Members to record gifts and hospitality either received, or offered and declined, from the Council's contractors and suppliers.
- a Risk Management strategy and procedures.
- suitable and enforced Financial and Contract Procedure Rules.
- robust recruitment and selection procedures.
- DBS (Disclosure and Barring Service checks) and employee vetting procedures (where applicable).
- robust internal control environments designed and implemented by service managers and challenged through Internal Audit arrangements.

3.6. Deterring fraud is a large part of fraud prevention. The Council is committed to taking all viable steps to prevent, deter, detect and remedy instances of fraud and corruption whether the threat is internal to the organisation or external to it. Key to this is the development and maintenance of an anti-fraud culture. Key anti-fraud / deterrent measures include:

- clear and active disciplinary and grievance arrangements.
- publicising the anti-fraud message on claim forms, the website and on other interactions with the staff and public.
- a commitment to pursue sanctions against those who commit fraud, bribery and corruption through an agreed prosecutions and civil recovery policy and use of internal disciplinary arrangements.
- planned publication of fraud newsletters and fraud awareness campaigns.
- publication of an annual fraud report to publicise activity undertaken and its results.
- anti-fraud and corruption training.
- awareness of fraud risks by service and strategic managers.
- confidential reporting (Whistleblowing) procedures.

3.7. In addition to the above, proactive fraud detection and assurance activities both increase fraud awareness and overall fraud detection levels. The primary responsibility for internal control activities lies with service managers; however, there are other proactive initiatives that help to control these risks. Examples include:-

- participation in the Cabinet Office's National Fraud Initiative's mandatory and discretionary fraud detection initiatives.
- Internal Audit led internal data matching initiatives (matching data between Council systems to detect fraud and error).
- periodic checks on systems, processes and areas by Internal Audit as part of their statutory role.
- the use of continual analytical systems such as AP Forensics to examine creditor payments to detect duplicated payments, examine changes to supplier bank details in order to detect bank change mandate fraud or detect potential employee conflicts of interest.
- working with the Council's bank through dedicated software to detect instances where the Council's cheques have been fraudulently altered (cheque fraud).
- auditing by dedicated individuals of direct payments paid to adults for their personal care to detect misuse or fraud.
- close working with the Digital Council Programme and other change initiatives to ensure the introduction of robust controls from the inception of projects or change processes.
- provision of advice services by Internal Audit Services, Financial Services and Legal Services to service managers.

4. Key elements – Pursue

Investigate

- 4.1. Pursuing suspected fraud and error is also a key factor in the success of counter fraud activities across any organisation. The Council has a Fraud Response Plan which provides detailed fraud-response arrangements to enable any information gained or allegations made to be properly and effectively dealt with. The plan explains how any fraud allegations will be dealt with and who is responsible for their investigation. Generally speaking, low level fraud cases will be investigated by service managers with assistance from Human Resources and Internal Audit. Larger scale concerns may be investigated directly by Internal Audit Services with Human Resources where there are employees involved. Each case however, will be assessed on its own merits and an appropriate person assigned to investigate it.
- 4.2. Details on how to refer suspected frauds for investigation can be found in the Whistleblowing Policy and Procedures and associated Whistleblowing Factsheet. These are available on the Council's website. A dedicated fraud hotline is also maintained and referrals can be made to Internal Audit Services

by calling the hotline on 01302 862931. Wherever a whistleblower is received that alleges fraud or corruption, Internal Audit Services will be informed.

- 4.3. In addition to the above, it is recognised that the Council's Complaints Procedures also have a part to play. Often, the complaints process is the first port of call for non-employees wishing to raise a concern about a process or event. It is important that concerns being raised through this route are dealt with properly and that it is recognised that where concerns are about fraud and corruption, that they are dealt with through the Whistleblowing Policy and the Anti-Fraud and Corruption Framework rather than the complaints procedure.
- 4.4. It is important that any frauds are investigated by suitable individuals. The Council employs trained investigators to investigate complex cases. Employees working within the Benefits Fraud Team are PinS Trained investigators (Professional in Security Training), whilst those dealing with fraud in Internal Audit are CIPFA CIPS trained (Certificate in Investigative Practice). Providing trained and dedicated staff ensures that the Council has the skills to successfully investigate suspected cases of fraud and obtain the best possible outcomes for the tax payer. In addition to the above, the Council has access to dedicated financial investigators through the National Anti-Fraud Network. These are specialist trained investigators who investigate financial affairs to attempt to trace any profits from fraud and recover them through POCA legislation (Proceeds of Crime Act). The Council does not employ its own financial investigator as the role is specialist and is not needed full time. Where the Council needs such a specialist role, it will either liaise with the financial investigators of the Police or will seek to contract such services as necessary.
- 4.5. During any investigation, it is important to consider whether the Police need to be involved in any investigation and at what stage this involvement should start. The Council will work in partnership with the Police to investigate and prosecute detected fraud and corruption. The extent of the involvement by the police will be different in each case and will depend on what is being investigated, its size and complexity and whether the Council has sufficient powers to investigate and prosecute the case. The Council will work with the Police to investigate all cases that are referred to the Police. Specific roles and responsibilities will be determined on a case by case basis as it will depend largely on what is being investigated. Referrals to the Police will be made at a suitable point in the case by Internal Audit Services or the Director of Finance and Corporate Services. No referrals should be made to the Police for fraud, bribery or corruption by other parties.
- 4.6. Where a case referred to the Police involves an employee, the case will be pursued on a parallel basis wherever possible. (This is where a criminal case is progressed alongside an internal disciplinary or civil case). Internal Audit

Services will work with the Police to progress any criminal case and will work with Human Resources to progress internal investigations and sanctions.

- 4.7. After any investigation, changes to the control environment are always considered to limit any further fraud exposures or to improve detection measures. These actions / changes are monitored by Internal Audit Services and are reported on in the services Annual Report.

Prosecute / Sanctions

- 4.8. The final stage in the pursue element is to take action against those where fraud has been confirmed. The Council has a formally agreed Prosecution Policy that outlines action that will be taken against any party committing fraud against the Council. Action will be taken against those responsible for fraudulent acts wherever it is in the public interest to do so. Where the Police have been involved in any case and there is sufficient evidence to proceed, the Council will work with the Police to prosecute instances of fraud and corruption. Where the Police have not been involved and it is in the Public interest, criminal and civil actions will be considered and taken by the Council wherever there is a legal route to do so.
- 4.9. Where employees have committed a fraudulent or corrupt act, the Disciplinary and Grievance Policy and associated procedures are also an important element. Consideration will be given in each case, by Internal Audit Service and the relevant Human Resources Officers, to determine whether any prosecution is undertaken at the same time as internal disciplinary processes are undertaken. So called “parallel sanctions” will be undertaken wherever possible and in the public interest.
- 4.10. The Council seeks to work with its partner agencies and other government agencies to take action against those that commit fraudulent acts. The Council will share information as appropriate with partner agencies wherever there is a clear and legal path for doing so. Generally, information required for the prevention and detection of fraud is exempt from the requirements of the Data Protection Act although any information requested must always be proportionate to the issue being investigated. The Council will comply with the requirements of the Data Protection Act and with the Regulation of Investigatory Powers Act in all its fraud investigations.
- 4.11. Details of action taken and investigations of any suspected frauds within the Council are reported annually in the Annual Fraud Report to Audit Committee in July each year.

5. Roles and Responsibilities

5.1. Throughout this framework, reference has been made to the various roles and responsibilities of individuals or services. For reference, these responsibilities are summarised below.

5.2. General responsibilities (all persons)

- To report suspected concerns or irregularities through the arrangements in the Whistleblowing Policy.
- To uphold a positive anti-fraud, bribery and corruption culture.
- To undertake anti-fraud training as adopted by the Council.
- To comply with the Council's Code of Official Conduct together with any additional code relating to their professional qualifications.
- To act in accordance with Financial and Contract Procedure Rules
- To declare any interests and offers of gifts and hospitality that are in any way related to the performance of their duties of employment at the Council.
- To make annual declarations of interest to enable their managers to effectively manage situations where a conflict of interest may occur.

5.3. Manager responsibilities

- To design and apply controls in their area as appropriate to prevent and detect fraud and corruption.
- To deal with conflicts of interest raised by their staff in an appropriate and responsible way.
- To ensure all their staff are adequately trained on procedures and controls to be complied with.
- To ensure proper procedures are being followed.
- To follow prescribed recruitment procedures aimed at recruiting high quality and honest staff.
- To assist those charged with the investigation of a concern and provide evidence to support any investigation or to investigate concerns, where agreed, using the Authority's disciplinary procedures where the outcome of an investigation indicates improper behaviour.
- To ensure that all suspected financial irregularities or financial impropriety brought to their attention are reported to the Director of Finance and Corporate Services and/or the Head of Internal Audit.

5.4. Chief Executive responsibilities

- To be responsible for the overall management arrangements of the Council.
- To promote an organisational culture that accords with the principles of public life.
- Develop and maintain an Anti-Fraud, Bribery and Corruption Framework.

5.5. Director of Finance and Corporate Services responsibilities

- To maintain adequate and effective internal control arrangements.
- To ensure that all suspected financial irregularities are reported to the Head of Internal Audit.
- To refer cases to the Police for investigation / prosecution alongside Internal Audit Services.
- To ensure that sufficient resources and that sufficiently trained staff are provided to fulfil the Council's anti-fraud aims and properly investigate suspicions of fraud and corruption.

5.6. Audit Committee responsibilities

- To review the risk management arrangements for the Council and the effectiveness of the Internal Audit function.
- To monitor, via reports from Internal Audit Services, the implementation of agreed management actions to improve the control environment and take action where these actions are not being implemented.

5.7. Monitoring Officer responsibilities (Assistant Director of Legal and Democratic Services)

- To advise on legal proceedings where there have been legal breaches.
- To advise on the recovery of assets and losses where appropriate.

5.8. Assistant Director of Human Resources responsibilities

- To develop vetting and barring procedures which are intended to deliver high quality personnel with suitable levels of integrity into the Council's employment.

- To provide advice to employees wishing to raise concerns.
- To advise departmental managers required to make decisions with regards to suspension and disciplinary proceedings.

5.9. Head of Internal Audit responsibilities

- To support managers in preventing and detecting fraud, bribery and corruption.
- To provide assurance on the appropriateness and effectiveness of systems and procedures.
- To investigate serious suspected financial irregularity and will liaise with managers to recommend changes in procedures to prevent further losses to the authority.
- To consult with the Police or refer an investigation to them, as appropriate.

5.10. External Auditor responsibilities

- To carry out specific reviews that are designed to test (amongst other things) the adequacy of the authority's internal financial and other controls and arrangements for preventing and detecting fraud and irregularity.
- To review the Council's accounts to ensure they are free from significant fraud and error.
- To liaise with Internal Audit Services on fraud referrals received directly by them and investigate those deemed in the public interest.

SANCTIONS / PROSECUTION POLICY

1. Policy Statement

- 1.1. After any investigation, sanctions should be applied where fraud has been found to have been committed. The Council will pursue criminal and civil action in a robust, consistent and proportionate manner wherever this is in the public interest.
- 1.2. The Council will pursue a range of options, as appropriate to each case, including:-
 - Pursuit of civil or criminal sanctions through the courts (either in conjunction with the Police or directly as determined by the Anti-Fraud, Bribery and Corruption Strategy).
 - Internal disciplinary action against any employee committing fraud using the Council's Disciplinary Policy.
 - Recovery of losses by recovering pension contributions from employees who are members of the Pension Fund.
 - Recovery of losses by recovering assets owned by an employee or third party found guilty of committing fraud through POCA (Proceeds of Crime Act) legislation or Unlawful Profit Order (UPO)
 - Filing for Bankruptcy where an individual has a poor history of paying.
 - Recovery from any current salaries or by way of an attachment of earnings'.
 - Referral of any detected frauds through to the relevant professional bodies as appropriate.
- 1.3. The Council condemns any breaches and abuses of its financial systems and procedures and is committed to deterring all such intentional breaches and abuses. In all cases where it is in the public interest, criminal or civil action will be taken either by the Council or in collaboration with the Police. Any cases where prosecutions are successful will be published in order to act as a further fraud deterrent.
- 1.4. The Council will, if satisfied that it has suitable grounds for doing so, seek to recover from any person or member of staff who has abused its financial systems and procedures, any losses incurred to the public purse.
- 1.5. In implementing this policy, the Council will rely on the advice of the Chief Executive, Assistant Director of Legal and Democratic Services, Assistant Director of Finance and Performance, its Monitoring Officer and the Head of Internal Audit.

FRAUD RESPONSE PLAN

1. Purpose

- 1.1. This document provides guidance and a framework for the investigation of suspected instances of fraud and corruption. It gives guidance, whether to those raising concerns or those investigating concerns, as to how any fraud investigation will proceed.
- 1.2. This document sets out, in simple terms, how a fraud investigation will be conducted. Each investigation will be different as each will have different elements and will require different actions but will follow the same overall principles. Guidance on this policy and the appropriate investigative steps can be obtained from Internal Audit Services or Human Resources.

2. Objectives

- 2.1. This plan aims to ensure timely and effective action can be taken to:
 - minimise the risk of inappropriate investigative action by employees or managers;
 - minimise the risk that someone will inappropriately disclose information about a concern or investigation that could compromise it;
 - ensure that there is a clear understanding about who will lead on any investigation and ensure local managers and other departments are involved as appropriate;
 - secure evidence relating to any investigation and ensure that such evidence is adequately protected;
 - prevent further losses of funds or other assets where fraud has occurred and maximise the chances to recover any losses;
 - ensure that there is sufficient evidence to support any allegation before civil, criminal or internal disciplinary action is started;
 - minimise any adverse publicity for Doncaster Council as caused by dishonest fraudulent acts;

3. Links with other policies

- 3.1. This policy directly links to both the Complaints and Whistleblowing Policies. Concerns of fraud or misconduct are often received through these channels.
- 3.2. It is important that fraud concerns raised through the Complaints process are dealt with as fraud referrals and not as complaints. This is because:-

- the timescales involved in acknowledging and responding to complaints is not appropriate for fraud investigations. Whilst every attempt is made to deal with all investigations in a timely and prompt way, it is not possible to set a definitive deadline in which to complete it. The gathering and interpretation of evidence is a key element in the success of any investigation and it is this that drives the length of any investigation.
 - whilst it is important to maintain communication with anyone raising a concern, consideration needs to be given as to how much information can be disclosed without breaching the Data Protection Act or putting the investigation itself at risk. The information that can be released needs to be carefully considered and will always be in line with the guidance in the Whistleblowing Policy.
- 3.3. Complaints that are received through the Whistleblowing Policy and fraud or wrong-doing concerns that are raised through the Complaints Policy will be dealt with under the most appropriate policy. Any individuals making such a referral will be told under which policy the concerns are to be investigated.

4. What to do if you suspect fraud

- 4.1. If you suspect fraud or wrong-doing, you should follow the instructions contained within the Whistleblowing Policy to raise your concern. After the concern is raised, a decision will be made about who is best placed and has the right skills to investigate any concern. This is discussed in more detail in the next section of this plan.
- 4.2. It is important that you don't:-
- try to investigate any concerns yourself;
 - discuss your concerns outside of the routes in the Whistleblowing Policy;
 - confront anyone, whether an employee or not, about your suspicions;
 - ignore your concerns.
- 4.3. This is because:-
- you may alert those you suspect to a potential investigation;
 - evidence could be destroyed;
 - evidence could be compromised and may not be usable in any investigation or prosecution if it has been interfered with;
 - Council relationships between employees, suppliers or partner agencies could be damaged;

- the Council's reputation could be damaged unnecessarily.

5. Assigning the investigation

- 5.1. When a referral for a suspected fraud is received, it is common practice for background work to be undertaken in order to determine whether the concerns are valid. This ensures that employee / supplier / contractor or other party relationships are not unnecessarily damaged by a formal investigation.
- 5.2. If initial background work suggests that the concern is valid and requires further detailed investigation, a case strategy meeting will be held. The meeting will consist of a senior manager within the affected area, a representative from Internal Audit Services and, where the concerns relate to an employee, a member of Human Resources. The situation will be discussed and a decision made as to who will conduct the investigation.
- 5.3. Where fraud concerns are relatively simple in nature, these will be assigned to a relevant manager to undertake with guidance as appropriate from Internal Audit Services. Where the concerns are more serious, more complex or require specialist knowledge or training or are likely to result in criminal or civil proceedings, these will be investigated by Internal Audit Services.
- 5.4. Where concerns relate to housing benefit fraud or council tax fraud, these concerns will be directed to, and investigated by, the Benefits Fraud Team at the earliest opportunity.

6. Undertaking the investigation

- 6.1. Once assigned to a responsible person, the investigation can proceed. Advice will be offered by Internal Audit Services throughout any management investigation.
- 6.2. There are no set timescales for the investigation of any fraud. Guidelines for the investigation of employees under the Disciplinary Policy aim for such work to be completed within 8 weeks. The timescale for any fraud investigation will be driven by the complexity of the allegations and the number of years any activity is suspected to have gone on for. In all case however, investigations should be carried out as quickly as possible whilst maintaining investigative standards.
- 6.3. Evidence should be secured as early as possible in any investigation to ensure that it is not destroyed or lost. It is important that any such documentation is securely stored and is retained both during and after the investigation. Internal Audit Services will provide advice and support on gathering and retaining evidence as required.
- 6.4. The securing of electronic data, surveillance or CCTV footage, computers or equivalent equipment is a specialised procedure. The collection of such

information can, inadvertently, damage the evidence being secured and can damage any potential prosecution if allegations are proved correct. Specialist advice from Internal Audit must be sought before attempting to collect such information.

- 6.5. Any interviews of any potential suspect or witness need to be arranged when suitable evidence has been gathered. It is important that any interview is conducted fairly and impartially. A failure to do so can damage any sanctions (internal or external) and bring the reputation of the Council into disrepute. All interviews must be recorded, either electronically or by the creation of adequate supporting interview notes and a statement. It is always best practice to get the person interviewed to sign off any statement provided.
- 6.6. Where any investigation suggests criminal activity, a decision will be made, in conjunction with Internal Audit Services and Legal Services, as to whether to involve the Police from the outset of any investigation. Interviews under the PACE Act (Police and Criminal Evidence Act) must only be performed by those with the required training to do so and must be properly recorded. A copy of any interview tapes will be made available to the interviewee in line with normal PACE procedures.
- 6.7. Referrals to the Police will be made by Internal Audit Services or the Director of Finance and Corporate Services. Internal Audit Services will liaise with the Police throughout the investigation to ensure that any prosecution has the highest likelihood of success.

7. Preserving evidence

- 7.1. In gathering any evidence care must be taken to:
 - avoid any changes to the evidence (original documents must be preserved and not written on or damaged).
 - avoid any unnecessary or unjustifiable breaches of an individual's human rights (guidance and support is available from Legal Services, Human Resources and Internal Audit Services in the performance of searches, the use of computer monitoring data or building access logs or the monitoring of individuals using surveillance techniques that may breach such rights).
 - collect computers and electronic information in a way that does not compromise the information. On no account should any computer thought to contain evidence relating to a fraud investigation be handled, turned on or shut down. Advice must be sought from Internal Audit Services who will ensure that the computer is secured in an appropriate way. Only those persons trained to do so, should secure computer based evidence.

- prevent access by any suspended employee to any files or computer system. Where an employee is suspended on the advice of Human Resources, access to the building, records and computer systems should be temporarily suspended to prevent any tampering with any available evidence. Where an employee requires access to files or electronic systems for their own defence, this should be supervised or the employee should access a copy of the relevant files to prevent tampering.

8. Managing communications

- 8.1. Whistleblowers / complainants will be kept informed about the progress of an investigation as prescribed in the Whistleblowing Policy. However, detailed information on progress or detailed findings will not be released wherever there is a concern that it may damage an investigation. In releasing any information, those investigating must be aware of the requirements of the Data Protection Act and must not release any information relating to action being taken against an individual.
- 8.2. The Communications Team will deal with any press or publicity in connection with any investigated case. Where appropriate the details of all successful prosecutions will be released to the media through the Communications Team. Staff and managers must not directly disclose any information to the press except through the Communications Team.
- 8.3. The aim of any press release is to deter further fraud and corruption and show the Council's commitment to preventing, detecting and prosecuting those who commit fraud against the Council.

9. Concluding investigations

- 9.1. At the conclusion of any investigation, a decision needs to be made as to whether the investigation and its evidence warrants action being taken against any individual or individuals as outlined in the Sanctions / Prosecution Policy. Any decision will be based on the quality of the evidence available, the size of any fraud or issue and the likelihood of success of any sanction attempted. This decision will be made with input from all relevant parties including Legal Services, Internal Audit Services, Human Resources (where an employee is involved) and service management. Advice will also be taken from the Police where applicable.
- 9.2. Internal Audit Services retains a log of all referred fraud and corruption and is required to report under the Transparency Code the outcome of any investigations and the values of any fraud detected. In addition, the results of any investigations that were deemed to result from a Whistleblow are also recorded for reporting purposes.

9.3. When cases of fraud are investigated, these will be reported in the Annual Fraud Report.

APPENDIX 1: THE WIDER GOVERNANCE FRAMEWORK



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**To the Chair and Members of the
AUDIT COMMITTEE**

EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE, JUNE 2015

EXECUTIVE SUMMARY

1. This report provides members of the Audit Committee with an overview on the progress KPMG are making in delivering their responsibilities as the Council's external auditors.
2. The report highlights the main technical issues which are currently having an impact in local government.
3. Attached to this report, at Appendix 1, is KPMG's progress report and technical update.

EXEMPT REPORT

4. Not applicable

RECOMMENDATIONS

5. The Audit Committee is asked to note the content of the 'External Audit Progress Report and Technical Update'.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. An unqualified audit opinion on the Council's financial statements and a good Value for Money conclusion resulting from the annual audit process would indicate that there is excellent internal control in place safeguarding Council resources for the people of Doncaster.

BACKGROUND

7. Audit Committee members have previously been advised of the audit timeline which sets out the key dates for the 2014/15 audit work on the financial statements which will start on site on 27th July and is expected to finish by the end of August. The audited accounts will be finalised and presented to this Committee on 16th September.
8. KPMG have carried out their initial review of the Council's arrangements for securing value for money and will continue this work whilst they are on site throughout August.
9. The interim audit conducted in April identified no issues for immediate concern.

10. The report identifies several key areas under 'KPMG resources'. This includes, amongst others, the governance arrangements over the Better Care Fund and the Better Care Fund Support Programme. All of these areas will be considered by the Council during 2015/16.
11. The 'Technical Update' section provides a brief summary of the key issues impacting on local government and gives KPMG's assessment of the impact from their perspective. The key areas, with an assessment of medium or high, are:
 - *CIPFA and HFMA guidance on the Better Care Fund and s.75 budgets (High impact)*
The guidance looks at the legislation and regulations that underpin the operation of a pooled budget and the finance, governance and operational arrangements that need to be in place. It also looks at the accounting standards that will apply and need to be considered in the signed agreement that will underpin the pooled budget.
 - *LAAP bulletin 101: accounting for non-current assets used by local authority maintained schools (Medium impact)*
The bulletin focuses on the accounting treatment for the non-current assets used by schools under the Code.
 - *NAO report: Public Health England's grant to local authorities (Medium impact)*
The report looks at council's new responsibilities for public health and is helpful when assessing the associated accounting and governance arrangements.
12. There are a number of other areas that are either identified as low impact or are provided solely for information. These are detailed in the report.

OPTIONS CONSIDERED

13. KPMG's external audit work is necessary for them to fulfil their legal obligations.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

14. This external audit work has the following significance.

	Priority	Implications
	<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p> <p>An unqualified opinion from KPMG on the financial statements and a good Value for Money conclusion would assist with the continued positive reputation of the Council.</p> <p>Close working with KPMG through the regular liaison meetings will result in the early consideration and resolution of key accounting and technical issues and demonstrates good governance arrangements.</p>
	<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>We will deliver modern value for money services.</p>	
	<p>We will provide strong leadership and governance, working in partnership.</p>	

RISKS & ASSUMPTIONS

15. KPMG identifies respective risks which their work is intended to consider. The assumptions about these risks have been made by KPMG in the planning of this work.

LEGAL IMPLICATIONS

16. The Council is subject to statutory external audit and performance evaluation by KPMG in their role as the external auditor for the Council.

FINANCIAL IMPLICATIONS

17. There are no financial implications arising from this report.

CONSULTATION

18. This report consults with members of the Audit Committee in these matters. There is consultation with managers at the outset, throughout and at the

conclusion of the interim and final annual audit in order to ensure that key audit issues are identified and resolved and that adjusted / unadjusted audit differences and performance improvement recommendations are adequately communicated.

BACKGROUND PAPERS

19. Not applicable

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Simon Wiles
Director of Finance and Corporate Services



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External audit progress report and technical update

**Doncaster Metropolitan
Council**

June 2015

External audit progress report and technical update – June 2015

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

PROGRESS REPORT					
External audit progress report					3
KPMG RESOURCES					
KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years					5
Governance Arrangement work over the Better Care Fund					6
Better Care Fund Support Programme					7
Audit Committee Institute: Local Government Seminar Series – Winter 2015					8
TECHNICAL UPDATE					
CIPFA and HFMA guidance on the Better Care Fund and S.75 budgets	●	10	The Accounts and Audit Regulations 2015	●	17
LAAP bulletin 101: accounting for non-current assets used by local authority maintained schools	●	11	LAAP Bulletin 103: closure of the 2014/15 accounts and related matters	●	18
NAO report: Public Health England's grant to local authorities	●	12	CIPFA Treasury and Capital Management Panel bulletin – April 2015 update	●	19
Transfer of Audit Commission responsibilities from 1 April 2015	●	13	NAO Code of Audit Practice 2015/16	●	20
Audit Commission VFM profile: Update	●	14	Audit Commission VFM briefing: Council tax and business rates collection.	●	21
Change to audit requirements for joint committees from 2015/16	●	15	Audit Commission report: Data quality matters	●	22
LAAP bulletin 102: accounting for collaboration – transition issues	●	16			
APPENDIX					
Appendix 1 – 2014/15 audit deliverables					24



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Progress report

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report.

Page 1 of 6

Area of responsibility	Commentary
Financial statements	<i>Work on the audit of the financial statements commences on 27th July and is expected to conclude by the end of August.</i>
Value for Money	<i>We have carried out our initial review of the Council's arrangements for securing value for money and will continue this work whilst we are on site throughout August.</i>
Certification of claims and returns	<i>We have commenced work on the Council's Housing Benefits Subsidy claim and aim to complete initial testing by the end of July. Further work will be carried out during the summer period and into September.</i>
Other work	<i>We have not carried out any other work outside of that described above.</i>



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KPMG resources

Area	Comments
<p data-bbox="64 325 250 476">Governance Arrangements work over the Better Care Fund.</p> <p data-bbox="95 522 136 705">Page 162</p>	<p data-bbox="292 325 1984 476">The £3.8 billion Better Care Fund (BCF) (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 Spending Round, to ensure a transformation in integrated health and social care. The BCF is a single pooled budget to support health and social care services to work more closely together in local areas. The BCF not only brings together NHS and Local Government resources, but also provides a real opportunity to improve services and value for money, protecting and improving social care services by shifting resources from acute services into community and preventative settings.</p> <p data-bbox="292 498 1949 589">The governance arrangements for the BCF will therefore have to meet the requirements of all partners to achieve economy, efficiency and effectiveness in their use of resources. Each partner will also need to satisfy itself that the pooled budget complies with the requirements of its appropriate code of governance and annual governance reporting guidance.</p> <p data-bbox="292 611 1960 729">Each partner must also satisfy itself that all other regulatory requirements are met – for example, that discrete funding streams are only spent appropriately at a local level. Partners therefore need to make arrangements to ensure that that is happening. Additionally, there will be a requirement for an audit certificate on this expenditure and arrangements need to be in place to ensure appropriate records are kept to provide sufficient audit assurance.</p> <p data-bbox="292 751 1976 811">With this in mind, CCG governing bodies and Local Authority Executives are now considering whether governance arrangements and structures are fit for purpose and will ensure the effective management of the BCF and the pace of development and implementation.</p> <p data-bbox="292 832 1804 858">We are currently carrying out reviews of these governance arrangements and structures using the following Key Lines of Enquiry:</p> <ul data-bbox="292 879 727 1143" style="list-style-type: none"> ■ Governance arrangements. ■ Engagement and communication. ■ Hosting arrangements. ■ Signed agreement. ■ Performance management. ■ Financial management. <p data-bbox="292 1165 1535 1190">For more information, please contact Simon Dennis Tel:0113 251 3576, email: simon.dennis@kpmg.co.uk</p>

Area	Comments
<p data-bbox="64 325 269 544">KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years</p> <p data-bbox="99 725 140 908" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 163</p>	<p data-bbox="292 325 1989 415">Without a radical programme of house building, average house prices in England could double in just ten years to £446,000 at current prices, according to research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 at current prices by 2034 if current trends continue.</p> <p data-bbox="292 436 1989 494">The research from KPMG and Shelter also reveals that more than half of all 20-34 year olds could be living with their parents by 2040, as soaring housing costs caused by the shortage of affordable homes leave more and more people priced out of a home of their own.</p> <p data-bbox="292 515 1989 605">The warning comes in a landmark report from KPMG and Shelter outlining how the 2015 government can turn the tide on the nation's housing shortage within a single parliament. With recent government figures showing that homeownership in England has been falling for over a decade, the consequences of our housing shortage are already being felt.</p> <p data-bbox="292 626 1989 684">The report sets out a blueprint for the essential reforms that will increase the supply of affordable homes and stabilise England's rollercoaster housing market. It calls on politicians to commit to an integrated range of key measures, including:</p> <ul data-bbox="292 705 1989 1082" style="list-style-type: none"> <li data-bbox="292 705 1989 795">■ giving planning authorities the power to create 'New Homes Zones' that would drive forward the development of new homes. Combined with infrastructure, this would be led by local authorities, the private sector and local communities, and self-financed by sharing in the rising value of the land; <li data-bbox="292 816 1989 873">■ unlocking stalled sites to speed up development and stop land being left dormant, by charging council tax on the homes that should have been built after a reasonable period for construction has passed; <li data-bbox="292 895 1989 952">■ introducing a new National Housing Investment Bank to provide low cost, long term loans for housing providers, as part of a programme of innovative ways to finance affordable house building; <li data-bbox="292 973 1989 1002">■ helping small builders to get back into the house building market by using government guarantees to improve access to finance; and <li data-bbox="292 1023 1989 1080">■ fully integrating new homes with local infrastructure and putting housing at the very centre of City Deals, to make sure towns and cities have the power to build the homes their communities need. <p data-bbox="292 1103 1989 1160">To read the report, visit www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/building-the-homes-we-need-programme-2015.aspx</p> <p data-bbox="292 1182 1989 1210">For more information, please contact Simon Dennis Tel:0113 251 3576, email: simon.dennis@kpmg.co.uk</p>

Area	Comments
<p data-bbox="64 325 244 415">Better Care Fund Support Programme</p> <p data-bbox="99 525 136 701">Page 164</p>	<p data-bbox="292 325 1991 415">The Better Care Fund Support Programme aims to help areas to overcome the barriers to the successful implementation of the Better Care Fund plans across England in 2015/16. KPMG is one of the partners that successfully bid to deliver the programme, on behalf of NHS England, alongside the Social Care Institute for Excellence ('SCIE'), PPL Consulting and the Berkeley Partnership.</p> <p data-bbox="292 436 1742 461">The focus has been on practical implementation support to deliver better care for the local population. Support has included:</p> <ul data-bbox="292 482 1908 682" style="list-style-type: none"> ■ Conferences, webinars and regional clinics – to explore the barriers to change and develop local plans to overcome them; ■ The Better Care Exchange – an online interactive space for knowledge sharing and collaboration (currently in development); ■ Virtual clinics – telephone support for BCF leads to discuss individual site issues with integration experts; and ■ Coaching and support – to enable good practice and insight gathering from within the BCF programme to support Better Care Learning Partners. <p data-bbox="292 704 1017 728">A number of 'How to guides' have been developed on how to:</p> <ul data-bbox="292 749 1943 906" style="list-style-type: none"> ■ lead and manage Better Care implementation: www.scie.org.uk/about/files/nhs-england-bcf-leadership-how-to-guide.pdf ■ bring budgets together and use them to develop coordinated care provision: www.scie.org.uk/about/files/nhs-england-bcf-budgets-how-to-guide.pdf ■ work together across health, care and beyond: www.scie.org.uk/about/files/how-to-work-together-across-health-care-and-beyond.pdf <p data-bbox="292 928 1783 952">The support programme also includes webinars. Further webinars are scheduled, but at present they cover the following topics:</p> <ul data-bbox="292 973 1069 1096" style="list-style-type: none"> ■ Joint working; ■ Section 75 Arrangements – Pooled and unpooled budgets; and ■ Data sharing: <p data-bbox="292 1118 1970 1175">More details on the programme, and a link to the webinar recordings, can be found on the SCIE website at www.scie.org.uk/about/partnerships-better-care.asp</p> <p data-bbox="292 1196 1535 1220">For more information, please contact Simon Dennis Tel:0113 251 3576, email: simon.dennis@kpmg.co.uk</p>

Area	Comments
Audit Committee Institute: Local Government Seminar Series – Winter 2015	<p>Our Audit Committee Institute ('ACI') events have been designed to provide you with sessions that help you consider the challenges faced by Local Government bodies today, and to help you think about the questions you want to be asking in relation to the assurance you need.</p> <p>Our bespoke seminars are tailored to your needs, offering you the opportunity to discuss and share best practice with your peers. They will encourage and spark debate and give you the opportunity to reflect on your role and how your organisation can meet the challenges ahead.</p> <p>Our Winter Local Government sessions will be led by specialists from our dedicated Local Government practice and will focus on hot topics in the sector.</p> <p>The Leeds event will take place on 15 October 2015 from 6pm.</p> <p>Invites will be sent to Audit Committee members in Summer 2015.</p> <p>For more information, please contact: Simon Dennis Tel:0113 251 3576, email: simon.dennis@kpmg.co.uk</p>
Integration of Health and Social Housing – Links Reception and Presentation	<p>In the context of the General Election and the devolution of health and social care budgets in Greater Manchester, Stephen Dorrell will discuss his views on the links between health and social housing and the potential solutions that lie in greater partnership between these sectors.</p> <p>Stephen Dorrell is Senior Adviser to KPMG in the UK, Healthcare and Public Sector. Stephen was an MP for 35 years and is widely known as a reformer. He has a wealth of knowledge and experience having advised on sensitive political changes, major service reconfigurations and long term strategies for organisation – and system wide – reform.</p> <p>Stephen's presentation will be followed by a Q&A session and an opportunity to discuss this topic with senior figures from the worlds of social housing, health, property, and local government.</p> <p>The event takes place on Wednesday 24 June 2015 from 6.00pm to 7.30pm</p> <p>Venue KPMG office 1 St Peter's Square, Manchester, M2 3AE</p> <p>To accept the invitation or for further information contact: Rebecca Frost Tel:0113 2542986, email: rebecca.frost@kpmg.co.uk</p>



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Technical update

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Area	Level of Impact	Comments	KPMG perspective
<p>CIPFA and HFMA guidance on the Better Care Fund and S.75 budgets</p>	<p style="text-align: center;">● High</p>	<p>The Healthcare Financial Management Association (HFMA), in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA), has released for finance professionals as part of plans to implement the Better Care Fund.</p> <p>The guidance looks at:</p> <ul style="list-style-type: none"> ■ the legislation and regulations that underpin the operation of a pooled budget; ■ the finance, governance and operational arrangements that clinical CCGs and local authorities had to have in place before the Better Care Fund ‘went live’ on 1 April 2015; and ■ the accounting standards that will apply and need to be considered in advance of preparing the signed agreement that will underpin the pooled budget. <p>Whilst the guidance has been prepared by the HFMA and is primarily targeted at NHS bodies, it also covers local authorities and so may be of interest of local government bodies.</p> <p>For further information see the HFMA guidance at http://www.hfma.org.uk/NR/rdonlyres/7BF426D9-4CDE-4D4A-B6F9-16CDD17E5F9D/0/BCFguidance.pdf</p>	<p><i>The Committee may wish to seek assurances these costs are being accounted for appropriately and that where errors have been made, there are plans to address them.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>LAAP bulletin 101: accounting for non-current assets used by local authority maintained schools</p> <p>Page 168</p>	<p>● Medium</p>	<p>In December 2014 CIPFA issued <i>LAAP bulletin 101: accounting for non-current assets used by local authority maintained schools</i>. The bulletin focuses on the accounting treatment for the non-current assets used by schools under the Code.</p> <p>The bulletin is based on information that CIPFA has received from the national faith representative bodies and CIPFA cannot confirm whether these arrangements operate as described locally. Paragraph 33 of the Bulletin therefore concludes:</p> <p style="padding-left: 40px;">“Local authorities will need to establish that the situation and analysis exists for VA [voluntary aided], VC [voluntary controlled] schools and foundation schools where assets are owned by religious bodies in their area and assure themselves as to the extent to which this situation is applicable.”</p> <p>However, it is the view of the bulletin that for most VA and VC schools, the local authority would not reflect the value of the school buildings or land within their financial statements.</p> <p>The bulletin also addresses the issue of foundation schools; at these schools, the school’s main non-current assets are often owned by a trust. The bulletin advises that where the trust is under the common control of the school then the non-current assets should be recognized by the local authority.</p> <p>The bulleting can be found on CIPFA’s website at www.cipfa.org/policy-and-guidance/laap-bulletins/laap-101</p>	<p><i>The Committee may seek assurances that the schools used by the Authority are being accounted for correctly.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>NAO report: Public Health England's grant to local authorities</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 169</p>	<p style="text-align: center;">●</p> <p style="text-align: center;">Medium</p>	<p>This report finds that Public Health England ('PHE') has made a good start in supporting local authorities with their new responsibilities for public health. The National Audit Office ('NAO') considers however that it is too early to tell whether PHE's approach is achieving value for money. Auditors may find that the report is helpful when planning their work on the 2014/15 conclusion on arrangements to secure VFM.</p> <p>PHE provides advice to local authorities on public health and gives them a ring-fenced grant to carry out their new public health responsibilities – £2.7 billion in 2013/14. The agency has, however, encountered some problems with the accuracy of how local authorities record what has been spent on public health.</p> <p>Spending on different aspects of public health varies significantly between local authorities, reflecting the differing needs and circumstances of different areas. The NAO found, however, examples where spending decisions were not obviously aligned to local needs and priorities. The NAO found that PHE could do more to identify these examples and offer appropriate advice and support to local authorities.</p> <p>Authorities may find that the report is helpful when assessing their arrangements for their new responsibilities for public health. The report is available on the NAO website at www.nao.org.uk/report/public-health-englands-grant-to-local-authorities/</p>	<p><i>The Committee may seek assurances over the current status of the arrangements that the Authority has put in place to meet the new responsibilities for public health.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>Transfer of Audit Commission responsibilities from 1 April 2015</p> <p>Page 170</p>	<p>● Low</p>	<p>The work that auditors will carry out on 2015/16 accounts will be completed under the new Code of Audit Practice ('the Code') that the NAO is developing. Under the <i>Local Audit and Accountability Act 2014</i> the Audit Commission's responsibility to prepare and publish a Code transferred to the NAO.</p> <p>From 1 April 2015, Public Sector Audit Appointments ('PSAA'), set up by the Local Government Association as an independent company, oversees the Commission's audit contracts until they end in 2017, or 2020 if extended by DCLG. PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's value for money profiles tool will also transfer to PSAA.</p> <p>The Commission's other functions will also transfer to new organisations, with local value for money studies as well as responsibility for the Code of Audit Practice transferring to the NAO. Following its public consultation, the NAO's final draft Code of Audit Practice was laid in Parliament on Monday 12 January 2015. The Code will apply for audits relating to financial year 2015/16 and beyond; 2014/15 audits will continue under the existing Audit Commission's 2010 Code.</p> <p>The National Fraud Initiative continues and has now been transferred to the Cabinet Office.</p> <p>The Commission recently wrote to audited bodies and other stakeholders with more information about the transfer of the Commission's functions and where to find details on specific questions.</p> <p>The PSAA website: www.psa.co.uk/</p> <p>The NAO website: www.nao.org.uk/code-audit-practice/#</p> <p>The Cabinet Office website: www.gov.uk/government/collections/national-fraud-initiative</p>	<p><i>The Committee may wish to enquire of officers whether they have received any such communications from the Audit Commission and the details of any response.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>Audit Commission VFM profiles: Update</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 171</p>	<p style="text-align: center;">●</p> <p style="text-align: center;">Low</p>	<p>The Audit Commission’s value for money (‘VFM’) profiles are now updated and contain the following changes:</p> <ol style="list-style-type: none"> 1. The latest 2013/14 data for the revenue outturn returns now shows in all relevant sections. 2. A new section about public health spending contains the relevant spend data, context and performance measures. This section has six sub sections covering: <ul style="list-style-type: none"> ■ adults physical health; ■ children’s physical health; ■ sexual health; ■ smoking and tobacco; ■ substance misuse; and ■ other services and programmes. 3. The nearest neighbours’ groupings have been updated using the latest groupings published by CIPFA in November 2014. Although the methodology for the groupings has not changed, the data that is used within the methodology has been updated to create the new groupings. 4. The financial resilience section has been updated with the relevant expenditure data related to income from the rates retention scheme and the spend on administration of council tax local support. 5. All other performance and contextual datasets where possible have the latest available data (with the exception of the children and young people and adults sections which will be updated later in the year as more data becomes available). <p>Auditors may find reference to the updated profiles helpful when planning their work on the 2014/15 conclusion on arrangements to secure VFM.</p> <p>The VFM profiles are now maintained by the PSAA and are available on their website at http://vfm.psa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing</p>	<p><i>The Committee may wish to seek whether the Authority use the updated VFM profiles to help benchmark performance.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>Change to audit requirements for joint committees from 2015/16</p> <p>Page 172</p>	<p>● Low</p>	<p>DCLG has confirmed that 2014/15 will be the final year for which joint committees will require a statutory audit. <i>The Local Audit and Accountability Act 2014</i> ('the Act') which applies to audit work on the 2015/16 accounts no longer includes joint committees in the schedule of bodies requiring a statutory audit. From 2015/16, participating local authorities are free to arrange for an audit of their joint committees on a voluntary basis, and may opt to do so where joint committees are particularly large, complex or high risk.</p> <p>Authorities will wish to note the change to joint committee audit requirements from 2015/16 onwards, and consider what level of assurance they require on the operation and financial reporting of their joint committees.</p>	<p><i>The Committee may want seek assurances over what arrangements will replace the statutory audit for 2015/16</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>LAAP bulletin 102: accounting for collaboration – transition issues</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 173</p>	<p style="text-align: center;">● Low</p>	<p>On 16 February CIPFA issued the <i>LAAP bulletin 102: accounting for collaboration – transition issues</i>. The bulletin provides guidance on issues that may arise when making the transition to the new requirements for collaborative arrangements under the revised provisions of the <i>Code of Practice on Local Authority Accounting in the UK 2014/15</i> ('the Code'). Chapter 9 Group Accounts of the Code contains revised provisions following the issue of new IFRS standards and the amendment of related existing standards. The bulletin deals with issues specifically relating to making the transition from the old to the new arrangements.</p> <p>The new provisions affect three main areas:</p> <ol style="list-style-type: none"> 1. a new definition of subsidiaries based on a remodelled control test (IFRS 10 Consolidated Financial Statements); 2. new classifications for joint operations and joint ventures (IFRS 11 Joint Arrangements); and 3. extended and revised disclosure requirements for group accounts (IFRS 12 Disclosure of Interests in Other Entities). <p>The bulletin deals with issues specifically relating to making the transition from the old to the new arrangements.</p> <p>The bulleting can be found on CIPFA's website at www.cipfa.org/policy-and-guidance/laap-bulletins/laap-102</p>	<p><i>The Committee may seek assurances that the Authority are accounting correctly for their collaborative arrangements under the revised provisions of the Code.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>The Accounts and Audit Regulations 2015</p> <p>Page 174</p>	<p>● Low</p>	<p>On 17 February 2015 the <i>Accounts and Audit Regulations 2015</i> ('the Regulations') were laid before Parliament, having been signed by the Minister under the <i>Local Audit and Accountability Act 2014</i> on 12 February. Authorities should note, however, that the 2011 regulations, which were issued under the Audit Commission Act 1998, continue to apply for the completion of 2014/15 audits.</p> <p>The Council is a Category 1 authority under the Regulations. As such, the major changes arising from the regulations will be:</p> <ul style="list-style-type: none"> ■ the removal of the 30 June deadline for the section 151 officer to certify the financial statements; and ■ moving the deadline for issuing the audit certificate and publishing the financial statements from 30 September to 31 July, from 2016/17 onwards. <p>The rest of the 2015 regulations come into effect for financial years beginning on or after 1 April 2015 and therefore will first apply for 2015/16 audits.</p> <p>The Regulations can be found on the UK Legislation website at www.legislation.gov.uk/uksi/2015/234/contents/made</p>	<p><i>The Committee may wish to note that these regulations only apply from the 2015/16 audit, and consider the timing of the 2015/16 and 2016/17 audits.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>LAAP Bulletin 103: closure of the 2014/15 accounts and related matters</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 175</p>	<p>● Low</p>	<p>On 27 March CIPFA issued <i>LAAP Bulletin 103: closure of the 2014/15 accounts and related matters</i> which clarifies a number of issues with regard to the preparation of 2014/15 financial statements in response to FAQs in relation to:</p> <ul style="list-style-type: none"> ■ accounting for local authority maintained schools in England and Wales; ■ accounting for local authority maintained schools transferring to academy status; ■ <i>LAAP Bulletin 102: accounting for collaboration – transition issues</i>; and ■ amendments to the 2015/16 Code regarding the frequency of valuations. <p>The Bulletin also highlights a number of other issues affecting the closure of the 2014/15 accounts:</p> <ul style="list-style-type: none"> ■ accounting standards that have been issued but have not yet been adopted, including IFRS 13 Fair Value Measurement; ■ use of example financial statements for preparation of the 2014/15 accounts; and ■ technical alerts, including changes to holiday pay calculations following recent Employment Appeal Tribunal rulings and NDR provisions for refunds granted on appeal against the rateable value of business properties. <p>For future accounting periods, the Bulletin also provides an update on issues affecting 2015/16 and on the measurement of transport infrastructure assets in 2016/17. The final section of the Bulletin includes an update from HM Treasury and the Department for Communities and Local Government covering the Whole of Government Accounts return for 2014/15.</p> <p>The bulletin can be found on CIPFA’s website at www.cipfa.org/policy-and-guidance/laap-bulletins/laap-103-closure-201415-accounts</p>	<p><i>The Committee may wish to seek assurances that the LAAP Bulletin has been considered and the implications for the 2014/15 financial statements are understood.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>CIPFA Treasury and Capital Management Panel bulletin – April 2015 update</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 176</p>	<p>● Low</p>	<p>CIPFA’s Treasury and Capital Management Panel has issued its latest bulletin. These bulletins contain topical treasury management issues which may be of relevance to local authority treasury teams. The latest bulletin covers:</p> <ul style="list-style-type: none"> ■ Public Works Loan Board (PWLB) governance changes; ■ regulatory changes; ■ Lender’s Option, Borrower’s Option loans (LOBOs); ■ IFRS 13 and IFRS 9; ■ Islamic finance; ■ publications update; and ■ UK Municipal Bonds Agency. <p>The bulletin can be found on CIPFA’s website at www.cipfa.org/policy-and-guidance/technical-panels-and-boards/treasury-and-capital-management-panel/newsletters-and-bulletins</p>	<p><i>The Committee may wish to seek assurances the issues that are relevant for their treasury management teams are being addressed.</i></p>

Area	Level of impact	Comments	KPMG perspective
NAO Code of Audit Practice 2015/16	<p style="text-align: center;">● Low</p>	<p>Following its public consultation, the NAO’s final draft Code of Audit Practice was laid in Parliament on Monday 12 January 2015; it has now been approved.</p> <p>The Code will apply for audits relating to financial year 2015/16 and beyond. The former Audit Commission Code continues to apply for 2014/15 audits</p> <p>Further details can be found on the NAO website at http://www.nao.org.uk/code-audit-practice/</p>	<p><i>The Committee may wish to seek assurances that the finance department is aware of the requirements of the Code for 2015/16 Audit.</i></p>

Area	Level of impact	Comments
<p data-bbox="64 348 265 534">Audit Commission VFM briefing: Council tax and business rates collection</p> <p data-bbox="95 519 136 705">Page 178</p>	<p data-bbox="298 348 447 454">● For information</p>	<p data-bbox="472 348 2007 472">The Audit Commission published an update to the Council tax and business rates collection VFM briefing in March 2015, the last in its series of VFM data briefings analysing data in the VFM Profiles. The briefing looks at the amount of council tax and business rates councils collected and their collection rates in 2013/14 – the first year of new localised council tax support schemes and business rate retention arrangements.</p> <p data-bbox="472 491 2001 644">By the end of 2013/14 councils had collected £46.05 billion of the £47.26 billion due to be paid that year, leaving £1.21 billion uncollected. Council tax collection rates were 0.4 per cent lower than in 2012/13 but business rates collection rates were 0.2 per cent higher. Council tax debt from 2013/14 and previous years increased by 6 per cent. The proportion of debt from previous years that councils collected ranged from 2 per cent to 76 per cent and the proportion of debt written off ranged from 1 per cent to 32 per cent.</p> <p data-bbox="472 662 1980 725">Nearly four fifths of councils collected more business rates in 2013/14 than they did in 2012/13 in real terms and so were likely to benefit from the new business rates retention arrangements.</p> <p data-bbox="472 743 1929 806">The update can be found on the Commission’s website at www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/</p>

Area	Level of impact	Comments
Audit Commission report: Data quality matters	<p style="text-align: center;">●</p> <p style="text-align: center;">For information</p>	<p>In February 2015 the Audit Commission published its report, <i>Data quality matters</i>, which reports on the past work of the Commission and its appointed auditors in relation to data quality. The report reinforces the enduring importance of the standards for better quality data which the Commission had previously issued, summarising the past data quality work, drawing out key messages and highlights learning points for future consideration of arrangements to assure data quality by those responsible for governance in audited bodies.</p> <p>The report is available from the Commission’s website at www.audit-commission.gov.uk/2015/02/data-quality-matters/</p>



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Appendix

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Appendix 1 – 2014/15 Audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2015	Complete
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2015	Complete
Interim			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	March 2015	Complete – Report not required
Substantive procedures			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2015	Work to commence on 27 th July 2015
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2015	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2015	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2015	TBC
Certification of claims and returns			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	December 2015	Work underway



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**Agenda Item No 12
16 July, 2015**

**To the Chair and Members of the
AUDIT COMMITTEE**

STATEMENT OF ACCOUNTS 2014/15

EXECUTIVE SUMMARY

1. This report presents the Council's unaudited Statement of Accounts for the 2014/15 financial year. The report highlights the overall financial position for the year, a summary accounts closure timetable and information on performance including improvements achieved in accuracy and quality.
2. The Accounts and Audit (England) Regulations 2011 apply to the preparation, approval and audit of the Statements of Accounts and other financial statements. Since 2010/11 these regulations have been based on International Financial Reporting Standards ('IFRS') which attempt to standardise accounts in a consistent format across both the public and private sectors with the aim of achieving greater transparency.
3. Whilst there is no longer a requirement to present the draft accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.
4. There is a requirement to obtain certification of the accounts by the responsible financial officer, for Doncaster MBC this is the Director of Finance and Corporate Services, by the 30th June each year. The statutory deadline for the date of approval and publication of the final Statement of Accounts remains unaltered at 30th September. However, due to improved financial management processes, the Council is working to shorter deadlines for the 2014/15 accounts of the 23rd June and 16th September respectively.

EXEMPT REPORT

5. Not applicable

RECOMMENDATION

6. Members are requested to note the 2014/15 Statement of Accounts.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. An unqualified audit opinion on the Council's financial statements and a good VfM conclusion resulting from the annual audit process would indicate that there is excellent internal control in place safeguarding Council resources.

BACKGROUND

8. The Council's 2014/15 accounts have been prepared in accordance with IFRS and the appropriate accounting codes of practice and have been approved by the Council's responsible financial officer on the 23rd June, in order to comply with the Accounts and Audit (England) Regulations 2011. This is a week earlier than the accounts for 2013/14.
9. The accounts will be available for public scrutiny for the statutory 4 week period from 20th July to 14th August. This was advertised in the Doncaster Star on 19th June. The unaudited accounts were placed on the Council's website on 26th June in line with the Government's policy of increased transparency in the public sector with public scrutiny of the accounts being a key feature of the financial governance framework of local authorities.
10. The accounts will be subject to external audit during the period 20th July to 21st August, and it is expected that the audit opinion will be finalised (subject to the continuing work on the Whole of Government Accounts) by 16th September, again, a week earlier than the 2013/14 accounts. Legislative requirements significantly reduce the timeframe allowed for the accounts closure process and Members of the Audit Committee will now be aware that the Council is required to produce the audited Statement of Accounts for the 2017/18 financial year by 31st July 2018, with the unaudited 2017/18 accounts being produced by 31st May 2018.
11. The Council is planning to finalise its audited 2014/15 accounts by 16th September, 14 days before the statutory deadline. In doing so, all requirements will have been met in full and in overall terms, the Council considers that the accuracy and quality of working papers and files for audit have, once again, improved significantly. The improvements have been brought about by more detailed project management and constant review of the 'critical path', challenging timeliness and quality, improving technical expertise and refining quality assurance techniques. A positive working relationship has been maintained with KPMG throughout the year to minimise the risk of any material issues arising during the audit of the accounts and to quicken the production processes. The interim audit undertaken during April identified no areas for concern.
12. The Council has an excellent track record in receiving an unqualified audit opinion on its accounts and a report will be presented by KPMG to this Committee on 16th September setting out the result of the external audit in the form of their 'Communication with those charged with governance' report (ISA 260 report), which formally sets out the findings of their audit of the financial statements.

THE 2014/15 FINANCIAL STATEMENTS AND SUPPORTING DISCLOSURE NOTES

13. Paragraphs 15 to 17 below provide details of the financial headlines, key changes and technical accounting issues included within the accounts. It

should be noted that the accounts are prepared in the accounting format set out in legislation, and as a result, they are not user friendly or easy to read. To assist understanding, a simpler and abridged version of the accounts, the 'Summary Statement of Accounts', will be produced and published on the Council's website following the conclusion of the audit in September 2015.

14. The style and format of the accounts used for 2014/15 is similar to that used last year, with a number of items excluded or revised as part of the 'removing the clutter' drive reducing the size of this year's accounts. The draft accounts are now 110 pages in length (compared to 119 pages in 2013/14 and 149 pages in 2012/13).
15. Members of this Committee have a key role in scrutinising the accounts in order to maintain strong governance over financial reporting. Early production of the accounts enables the Members of this Committee sufficient time to review the statements and ask challenging and pertinent questions. Whilst the explanatory foreword provides the summary of the financial year and the associated statements, it is worthwhile highlighting some specific points for the year:
 - a. At their meeting on 16th June, Cabinet were presented with the final outturn positions for both revenue and capital for the 2014/15 financial year. This included a General Fund one-off underspend against budget of £3.2m, resulting in an increase in General Fund reserves (to £20.7m); capital expenditure of £117.4m and £2.1m improvement from original budget resulting in HRA reserves increasing by £0.2m (to £6.1m).
 - b. For Members, probably the most important issue will be whether the Council has a surplus or deficit compared to its budget for the year. The (increase)/decrease in 2014/15 on the Movement in Reserves Statement gives this information for both the General Fund and the Housing Revenue Account (HRA). The deficit of £8.8m shown in the Comprehensive Income and Expenditure Statement (CIES) is an indication that the costs of providing the year's services have not been covered by income. This is split between General Fund services (£2.8m) and the HRA (£6.0m). This represents the position that would have been reported under 'commercial accounting' rules. Statutory adjustments convert the Council's financial performance from the £8.8m to a net surplus of £14.4m and £0.2m for the General Fund and HRA respectively (this can be seen on page 10 of the accounts). The £14.4m includes both the increase in earmarked reserves £11.2m and the £3.2m one-off underspend.
 - c. The Council's net worth has decreased by £84.1m to £511.9m since the previous financial statements (see 'Balance Sheet' on page 11 of the accounts). This is principally due to the increase of £91.8m in the Council's liability relating to the Local Government pension scheme (from £296.3m to £388.1m). This is mainly due to revisions in the actuary's future assumptions of key variables, as detailed in disclosure note 48, 'Defined Benefit Pension Scheme' (pages 76 to 79 of the accounts).
 - d. Reserves are an indication of the temporary resources available to assist an authority to deliver services. Not all reserves can be used to deliver

services and this is reflected by reporting reserves in two groups – ‘usable’ and ‘unusable’ reserves. Usable reserves have increased by £3.1m or 2.7% from £116.3m to £119.4m (these are shown on page 10).

Usable Reserves (see Movement in Reserves Statement)	31 st March 2014	31 st March 2015	Movement in year
	£m	£m	£m
General Fund balance	17.5	20.7	3.2
Earmarked General Fund reserves	47.8	59.0	11.2
Housing Revenue Account	5.9	6.1	0.2
Capital Receipts Reserve	7.7	10.0	2.3
Major Repairs Reserve	21.2	11.1	(10.1)
Capital Grants Unapplied	16.2	12.5	(3.7)
Total Usable Reserves	116.3	119.4	3.1

Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have fallen by £87.2m to £392.5m mainly reflecting the change in the Pensions Reserve. During the financial year the Council made a prepayment of £28.0m to the SY Pensions Authority in respect the pension deficit for the period 2014-2017, generating non-recurrent revenue savings in 2014/15 of £0.6m. This prepayment has resulted in an imbalance between the Pension Reserve (£410.5m) and the Pension Liability (see paragraph 23) of £22.4m as at 31st March 2015 with £5.6m being charged in year.

Unusable Reserves (Note 25)	31 st March 2014	31 st March 2015	Movement in year
	£m	£m	£m
Revaluation Reserve	251.7	268.6	16.9
Capital Adjustment Account	521.1	530.7	9.6
Financial Instruments Adjustment A/c	(1.1)	(1.6)	(0.5)
Pension Reserve	(296.3)	(410.5)	(114.2)
Deferred Capital Receipts Reserve	4.9	4.8	(0.1)
Collection Fund Adjustment	3.7	3.3	(0.4)
Accumulated Absences Account	(4.0)	(2.8)	1.2
Unequal Pay Back Pay Account	(0.3)	0	0.3
Total Unusable Reserves	479.7	392.5	(87.2)

16. The Statement of Accounts also includes group account statements for the Council, its subsidiary company (St Leger Homes of Doncaster Limited (‘SLHD’) and its jointly controlled entities (Digital Region Limited (‘DRL’) and Doncaster Racecourse Management Company Limited (‘DRMCL’)). For 2014/15, these have been assessed under new accounting standards IFRS 10 (‘Consolidated Financial Statements’) and IFRS 11 (‘Joint Arrangements’). The Group Accounts are shown in detail from page 95 to 102 of the accounts.

Grouped entity	Share of net assets (£m) Surplus / (Deficit)		Movement (£m)
	31 st March 2014	31 st March 2015	
DMBC (parent)	596.0	511.9	(84.1)
SLHD	(3.0)	(12.9)	(9.9)
DRL	(5.2)	(0.9)	4.3
DRMCL	1.2	1.5	0.3
Total	589.0	499.6	(89.4)

17. The movement in the SLHD net assets reflects the movement in the pension

deficit (the post-transfer element) which is, again, as a result of the change in the actuary's assumptions. The deficit on DRL is sufficiently covered by a provision held in the Council's single entity accounts and this will provide the finance for any further closure costs.

From the 2015/16 financial statements, DRL will cease to exist and will no longer form part of the Council's group boundary.

FINANCIAL RATIOS

18. The following financial ratios promote the accountability of councils for their spending decisions. These include:

- The ratio of **current assets to current liabilities**, an indicator of how a council manages its short-term finances
- The ratio of **usable reserves to gross revenue expenditure**, highlighting how much money a council is retaining for future plans and to cover unpredictable spending
- The ratio of **long term borrowing to tax revenue**, an indication of the potential for debt repayments to impact on future spending plans
- The ratio of **long term borrowing to long term assets**, an insight into what borrowing has funded and the potential need for future borrowing
- The ratio of **school balances to dedicated schools grant**, showing whether schools, maintained by the Council, are retaining a high or low proportion of the funding provided for spending on education

The ratios for the Council are provided below and reflect continued, sound financial management and governance arrangements:

DMBC Financial Ratios	2012/13	2013/14	2014/15
Current assets to current liabilities (working capital)	0.625	0.759	0.802
Usable reserves to gross revenue expenditure	6.82%	9.46%	11.79%
Long term borrowing to tax revenue	1.515	1.538	1.841
Long term borrowing to long term assets	0.266	0.259	0.288
School balances to Dedicated Schools Grant	6.15%	9.05%	11.60%

The proportion of current assets to current liabilities (ideal ratio of 1.0) is steadily improving indicating that the Council is managing its short term finances more effectively with an increase in short term assets compared to a decline in the corresponding liabilities (the ratio has increased to 0.802 in 2014/15).

The comparison of usable reserves (which includes, for these purposes, General Fund balances, earmarked reserves (less school balances) and usable capital receipts) to gross revenue spend is now higher at 11.79% (up from 9.46% in 2013/14) reflecting the Council's plans to increase and retain reserves for known future needs and contingencies.

OPTIONS CONSIDERED

19. The main content and format of the Statement of Accounts is set out in the Code of Practice on Local Authority Accounting for 2014/15. The Council has a statutory obligation to submit its draft 2014/15 Statement of Accounts to the External Auditor by 30th June. Failure to do so could result in an audit qualification and consequential reputational damage.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

20. These are detailed in the table below:-

	Priority	Implications
	<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p> <p>An unqualified opinion from KPMG on the financial statements and a good Value for Money conclusion would assist with the positive reputation of the Council and ensure that strong governance is in place.</p>
	<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>We will deliver modern value for money services.</p>	
	<p>We will provide strong leadership and governance, working in partnership.</p>	

RISK AND ASSUMPTIONS

21. The table below highlights the most significant risks that could have a negative impact on the deliverability of the Council's financial position and the action taken to mitigate them.

Risks / Assumptions	Probability	Impact	Proposed Action
Robustness of correct outturn figure	Low	Medium	Work has been undertaken during monitoring and closedown process to process all transactions, and prepare for audit. This has included an increase in senior officer quality assurance review and control; and internal verification and checks by finance and technical officers.
The Audit identifies a material / significant finding or inaccuracy in the production of the accounts.	Low	High	Continuous dialogue with KPMG throughout the year. Specific discussions on key complex / technical areas are as part of the monthly audit liaison group meetings

LEGAL IMPLICATIONS

22. Section 27 of the Audit Commission Act 1998 specifies that the Secretary of State may, by regulations applying to bodies subject to audit other than health service bodies, make provision with respect to the form, preparation and certification of accounts and of statements of accounts.
23. The Accounts and Audit (England) Regulations 2011 under regulation 8(2) provides that the Council's responsible financial officer must certify the Statement of Accounts, as soon as is reasonably practicable and, in any event, before 30th June immediately following the end of a year.

FINANCIAL IMPLICATIONS

24. The Council's Accounts are prepared in line with the Accounts and Audit (England) Regulations 2011 and International Financial Reporting Standards.

EQUALITY IMPLICATIONS

25. This report has no specific equality implications.

CONSULTATION

26. This report has no significant consultation implications.

BACKGROUND PAPERS

27. Following background papers:

- Accounts and Audit (England) Regulations 2011
- The Code of Practice on Local Authority Accounting 2014/15 ('The Code') - based on IFRS

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Simon Wiles
Director of Finance and Corporate Services



Draft Statement of Accounts 2014/15

Doncaster MBC Statement of Accounts 2014/15

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Explanatory Foreword

Introduction

The information contained within the Statement of Accounts for 2014/15 is presented as simply and clearly as possible. However, the accounts of such a large and diverse authority as Doncaster Metropolitan Borough Council are, by their nature, both technical and complex and so this foreword explains some of the statements and provides a summary of the Council's financial performance as at 31st March 2015 and its financial prospects.

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards ('IFRS') for 2014/15 (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 Statement of Accounts feature four main statements reporting on the Council's core activities:

- The Comprehensive Income and Expenditure Statement;
- The Movement in Reserves Statement;
- The Balance Sheet; and
- The Cash Flow Statement

Each is preceded by a short note describing its purpose, and they are followed by disclosure notes that explain the statements.

The main statements are supplemented by three further sections:

- The Housing Revenue Account ('HRA'), which is consolidated into the main statements, reports on the Council's activities as a social landlord;
- The Collection Fund account reports on the collection of local taxes and their distribution; and
- The Group Accounts that show the full extent of the Council's activities by including subsidiary companies, joint ventures and joint operations.

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 and is available on the Council's website.

The Council's overall financial performance

The Council's financial performance for the year was reported to Cabinet on the 16th June 2015.

The financial outturn for 2014/15 includes the following:

- A General Fund one-off underspend against budget of £3.2m, resulting in an increase in General Fund reserves to £20.7m;
- HRA £2.1m contribution to reserves and improvement on original budget; and
- Capital expenditure of £117.4m;

The table below represents General Fund services only. The figures differ from those shown in the statements on pages 8 to 13 as these statements include both General Fund and the HRA.

	Gross Budget £m	Net Budget £m	Outturn £m	Total Variance £m
Services				
Adults Health and Wellbeing	147.0	81.1	81.3	0.2
Learning & Opportunities - Children & Young People	85.1	46.1	45.8	(0.3)
Finance & Corporate Services	129.7	19.1	17.4	(1.7)
Regeneration & Environment	120.8	41.8	40.7	(1.1)
Total Services Budgets	482.6	188.1	185.2	(2.9)
Controllable Council Wide				
General Financing/Treasury Management	17.0	17.0	15.4	(1.6)
Council-wide savings targets	(2.7)	(2.7)	0.0	2.7
Other Centrally Funded	19.3	7.0	5.6	(1.4)
Total Controllable Council Wide	33.6	21.3	21.0	(0.3)
Other Non-Controllable budgets				
Levying Bodies	21.3	21.3	21.3	0.0
Business Rates Retention	0.0	(152.6)	(152.6)	0.0
Total Non-Controllable budgets	21.3	(131.3)	(131.3)	0.0
Total General Fund Services	537.5	78.1	74.9	(3.2)

The Council has achieved a one-off underspend of £3.2m, and has delivered the significant savings this year of £38m; with any shortfall in delivery being met by one-off savings. The £3.2m one-off underspend will be required to deliver savings in future years and fund slippage on projects. This is a good financial position going into 2015/16 and the focus needs to be on delivering the major savings in 2015/16 of £39m and £31m for 2016/17.

The General Fund uncommitted reserves as at 31st March 2015 are £20.7m. This includes the outturn underspend of £3.2m, release of the balance of the South Yorkshire Trading Standards provision of £0.5m and £0.2m relating to closure costs for Digital Region Limited ('DRL') being less than originally estimated.

On 8th October the Council made a one-off payment to the Pension Fund of £28.013m to cover deficit liabilities for the period from 2014/15 to 2016/17. The primary objective in making this advance payment was the significant financial benefit this derived (£0.6m) and this was considered alongside both financial and statutory control implications. In line with the Council's accounting policies £5.603m has been accounted for in 2014/15 with the remainder (£22.410m) being offset against the pension liability on the balance sheet. Over the next two financial years, the pension reserve and pension liability will be brought into line as the prepayment arrangements are accounted for in 2015/16 and 2016/17 (£11.205m each year).

There has been a significant variation between years in the actuarial gains / losses on the Council's pension assets and liabilities. The changes in the actuary's financial assumptions have resulted in a loss of £182.204m. This has been partially offset by the in-year return on plan assets of £74.074m resulting in a loss charged in this year of £108.130m (£109.433m gain in 2013/14). This is shown in the Comprehensive Income and Expenditure Statement. Further details on the pension scheme are provided in Note 48.

The HRA is a ring fenced account to which expenditure incurred and income received in relation to its social housing stock is charged. St Leger Homes of Doncaster Limited ('SLHD'), a company set up in October 2005, is responsible for managing the housing service as agent for the Council. Routine day-to-day expenditure is charged to the HRA as is income received from tenants. There has been a £2.1m improvement from original HRA budget with the delivery of a £0.2m in-year surplus against a £1.9m deficit budget. The balance on the HRA therefore now stands at £6.1m (£5.9m as at 31st March 2014).

Capital spending

The Council's total in year capital spend was £117.4m. An analysis of capital expenditure is summarised below:-

	Outturn
Capital Programme	£m
Adults Health & Wellbeing	10.3
Children & Young People Service	13.7
Finance & Corporate Services	1.2
Regeneration & Environment	92.2
Total	117.4

Significant projects included the Finningley and Rossington Regeneration Route Scheme (FARRRS) (£29.1m), Housing Decency programme (£21.8m), creating School Places (£6.8m) and the provision of Affordable Housing (£5.7m).

Financial Outlook*General Fund – Revenue*

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

On 3rd March 2015, the Council set a budget which featured plans to deliver savings of £70.5m over the next two years, 2015/16 (£39m) and 2016/17 (£31m). These savings result from the expected decrease in government grant funding for the Council, from 2014/15 to 2016/17, of £58m or 28%. Whilst the financial circumstances are not of the Council's making, it is the Council's responsibility to ensure that there is a robust, transparent and balanced budget in place. The approved budget is based on reduced but sustainable revenues although this is highly dependent on Business Rate income which is currently buoyant but remains volatile.

The budget is driven by our financial strategy which mirrors the priorities in the Council's corporate plan. Whilst the underlying emphasis has been on reducing expenditure to match income there have been areas where we have included growth e.g. to continue to look to protect the most vulnerable. The majority of the savings proposals, to meet the remaining shortfall of £16.1m, will be delivered by the Council becoming more efficient, achieving higher levels of income, reducing future commitments on pensions and benefitting from lower inflation rates.

The Council is currently undertaking a comprehensive Value for Money assessment across the Council. This will provide the Council with the ability to undertake its own Value for Money assessments, deliver options for £2m of savings in 2016/17, and identify potential areas for the Council to review from 2017/18 onwards.

The Capital Programme

The Council continues to invest in the future of the Borough with an estimated £386m of capital investment over 2015/16 to 2018/19 that will stimulate growth and prosperity despite the continuing tough economic conditions. The Council continues to invest in projects that will improve education, housing, infrastructure, leisure and culture, as well as attracting investors and visitors to the Borough. To extend the Council's financial planning horizon, the capital programme has been extended from three to four years. Funding has been identified for all proposals, subject to some funding bids, but to keep the budget affordable the projected level of asset sales needs to be delivered.

Recent developments

The Care Act is a major and significant piece of legislation which is being implemented against a backdrop of concern about funding for both health and social care. It introduces a major set of reforms to the way that care for elderly people and other adults with care needs are provided and paid for. It is part of a bigger push to reform both social care and health in order to improve the way all parts of the system work together. The Better Care Fund is one of a number of initiatives through which the

integration of care and support will be achieved. From 1st April 2015, this will require every local area to develop a pooled budget and implement joint plans to deliver local services.

From 1st October 2015, public health responsibilities and £3.45m funding for children 0-5 will transfer to the Council. Unlike the previous public health transfer it is only the commissioning that will transfer and not the workforce as health visitors and family nurses will continue to be employed by their provider organisations. The transfer marks the final part of the overall public health transfer and will improve continuity for children and their families.

The government is conducting a wide-ranging review of business rates in response to concerns that business rates are in need of reform to make them fit for purpose for a 21st century economy and in recognition that the system could be more transparent and easier to deal with. This is particularly important to local government as it seeks to ensure that business rates continue to raise sustainable revenues to fund public services. The review will report its findings by Budget 2016.

Environmental and Sustainability Statement

The Council published its Corporate Energy and Sustainability Statement in October 2010. A 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. The Council has made significant improvements in the way it operates its buildings, vehicles and plant equipment. The Council's Environment Strategy will help make plans and policies that protect and enhance the environment and improve the quality of life for present and future generations. 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.

Simon Wiles

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

23rd June 2015

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 Director of Finance and Corporate Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

**Cllr Austen White
Chair of Audit Committee**

The Director of Finance and Corporate Services 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 31st March 2015.

**Simon Wiles
Director of Finance and Corporate Services**

23rd June 2015

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.

2013/14				2014/15		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
7,959	(5,151)	2,808	Central services to the public	9,601	(5,597)	4,004
19,765	(3,147)	16,618	Cultural and related services	19,352	(3,210)	16,142
31,768	(2,464)	29,304	Environmental and Regulatory	31,419	(4,510)	26,909
11,594	(5,207)	6,387	Planning services	10,092	(5,191)	4,901
236,249	(171,519)	64,730	Children's and education services	222,725	(162,746)	59,979
39,639	(3,670)	35,969	Highways and transport services	36,180	(2,548)	33,632
51,383	(72,107)	(20,724)	Local authority housing (HRA)	50,246	(74,647)	(24,401)
107,773	(99,666)	8,107	Other housing services	102,366	(96,704)	5,662
112,141	(33,911)	78,230	Adult social care	116,988	(40,065)	76,923
17,105	(18,780)	(1,675)	Public Health	16,593	(17,046)	(453)
			<i>Exceptional items</i>			
5,267	0	5,267	- Redundancies	1,011	0	1,011
11,880	(6,392)	5,488	Corporate and democratic core	13,562	(9,278)	4,284
			<i>Non distributed costs</i>			
(4,458)	0	(4,458)	- SLHD pre-transfer net pension liability	4,988	0	4,988
(2,063)	(213)	(2,276)	- past service	3,221	(6,191)	(2,970)
1,302	(114)	1,188	- surplus properties	1,576	(3)	1,573
647,304	(422,341)	224,963	Net Cost of Services	639,920	(427,736)	212,184
		53,428	Other operating expenditure (Note 9)			61,250
		29,871	Financing and investment income and expenditure (Note 10)			26,857
		(302,219)	Taxation and non-specific grant income (Note 11)			(291,435)
		6,043	(Surplus) / Deficit on Provision of Services			8,856
		(11,741)	(Surplus) / Deficit on revaluation of non-current assets (Note 25a)			(32,903)
		(109,423)	Actuarial (gains) / losses on pension assets / liabilities (Note 25d)			108,130
		(121,164)	Other Comprehensive Income and Expenditure			75,227
		(115,121)	Total Comprehensive Income and Expenditure			84,083

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 unusable reserves.

The (Surplus) or Deficit on the Provision of Services line shows the economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	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
Balance at 31st March 2013 brought forward	(11,868)	(37,599)	(9,262)	(9,574)	(15,303)	(16,755)	(100,361)	(380,579)	(480,940)
Movement in reserves during 2013/14									
(Surplus) or deficit on the provision of services	3,454	0	2,589	0	0	0	6,043	0	6,043
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(121,164)	(121,164)
Total Comprehensive Income and Expenditure	3,454	0	2,589	0	0	0	6,043	(121,164)	(115,121)
Adjustments between accounting basis and funding basis under regulations (Note 7)	(18,766)	0	744	1,826	(5,884)	41	(22,039)	22,039	0
Net (Increase)/ Decrease before Transfers to Earmarked Reserves	(15,312)	0	3,333	1,826	(5,884)	41	(15,996)	(99,125)	(115,121)
Transfers to/from Earmarked Reserves (Note 8)	9,717	(10,204)	0	0	0	487	0	0	0
Other movement in Reserves	0	0	0	6	0	0	6	2	8
(Increase) / Decrease in 2013/14	(5,595)	(10,204)	3,333	1,832	(5,884)	528	(15,990)	(99,123)	(115,113)
Balance at 31st March 2014 carried forward	(17,463)	(47,803)	(5,929)	(7,742)	(21,187)	(16,227)	(116,351)	(479,702)	(596,053)

	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
Balance at 31st March 2014 brought forward	(17,463)	(47,803)	(5,929)	(7,742)	(21,187)	(16,227)	(116,351)	(479,702)	(596,053)
Movement in reserves during 2014/15									
(Surplus) or deficit on the provision of services	2,858	0	5,998	0	0	0	8,856	0	8,856
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	75,227	75,227
Total Comprehensive Income and Expenditure	2,858	0	5,998	0	0	0	8,856	75,227	84,083
Adjustments between accounting basis and funding basis under regulations (Note 7)	(17,151)	0	(6,196)	(2,281)	10,059	3,635	(11,934)	11,934	0
Net (Increase)/ Decrease before Transfers to Earmarked Reserves	(14,293)	0	(198)	(2,281)	10,059	3,635	(3,078)	87,161	84,083
Transfers to/from Earmarked Reserves (Note 8)	11,069	(11,174)	0	0	0	105	0	0	0
(Increase) / Decrease in 2014/15	(3,224)	(11,174)	(198)	(2,281)	10,059	3,740	(3,078)	87,161	84,083
Balance at 31st March 2015 carried forward	(20,687)	(58,977)	(6,127)	(10,023)	(11,128)	(12,487)	(119,429)	(392,541)	(511,970)

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'

31 st March 2014		Notes	31 st March 2015	
£'000	£'000		£'000	£'000
1,271,232		Property, Plant & Equipment	12	1,309,715
10,890		Heritage Assets	13	10,582
17,312		Investment Property	14	17,306
3,271		Intangible Assets	15	3,252
3,851		Long Term Investments	16	2,796
5,835		Long Term Debtors	16	7,873
	1,312,391	Long Term Assets		1,351,524
0		Current Intangible Assets	15	624
5,196		Short Term Investments	16	40,073
237		Assets Held for Sale	21	0
855		Inventories	17	750
76,486		Short Term Debtors	19	88,823
66,960		Cash & Cash Equivalents	20	24,320
	149,734	Current Assets		154,590
(6,760)		Cash & Cash Equivalents	20	(20,546)
(98,215)		Short Term Borrowing	16	(87,587)
(69,081)		Short Term Creditors	22	(57,976)
(9,430)		Provisions	23	(7,445)
0		Donated Assets Account	39	(6,500)
(8,971)		Revenue Grants Receipts in Advance	39	(8,186)
(4,884)		Capital Grants Receipts in Advance	39	(4,591)
	(197,341)	Current Liabilities		(192,831)
(14,792)		Provisions	23	(13,387)
(301,363)		Long Term Borrowing	16	(352,502)
(49,468)		Deferred Liabilities	16, 50	(46,198)
0		Revenue Grants Receipts in Advance	39	(56)
(6,847)		Capital Grants Receipts in Advance	39	(1,030)
(296,261)		Liability related to defined benefit pension scheme	48	(388,140)
	(668,731)	Long Term Liabilities		(801,313)
	596,053	Net Assets		511,970
116,351		Usable Reserves	24	119,429
479,702		Unusable Reserves	25	392,541
	596,053	Total Reserves		511,970

This balance sheet was completed and authorised for issue on 23rd June 2015, the date to which events after the balance sheet date have been considered.

These accounts present fairly the financial position of Doncaster Metropolitan Borough Council as at 31st March 2015.

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

23rd June 2015

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.

31st March 2014		31st March 2015
£'000		£'000
(6,043)	Net surplus or (deficit) on the provision of services	(8,856)
82,677	Adjustments to net surplus or deficit on the provision of services for non-cash movements	56,778
(44,503)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(50,080)
32,131	Net cash flows from Operating Activities (see Note 26)	(2,158)
(5,014)	Investing Activities (see Note 27)	(92,991)
5,400	Financing Activities (see Note 28)	38,723
32,517	Net increase or decrease in cash and cash equivalents	(56,426)
27,683	Cash and cash equivalents at the beginning of the reporting period	60,200
60,200	Cash and cash equivalents at the end of the reporting period (see Note 20)	3,774

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1 Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31st March 2015. 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 of the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Service Reporting Code of Practice 2014/15 (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, updated for the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

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

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

Acquired and Discontinued Operations

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

Carbon Reduction Commitment Allowances

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme ('CRCEES'). This scheme is currently in the initial year of its second phase which ends on 31st March 2019. The Council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide (CO₂) produced as energy is used. As CO₂ 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. The Council has the option of buying allowances in advance in the cheaper 'forecast sale' at the start of the year (£15.60/tonne of CO₂), or in a more expensive 'compliance sale' after the end of the year (£16.40/tonne of CO₂). 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.

Where the Council has purchased carbon allowances prospectively, giving rise to an asset for allowances held, such assets will be classified as either current intangible assets, or, in the event that allowances are held for the purpose of trading, as a current item of inventory.

Cash and Cash Equivalents

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

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

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

Charges to Revenue for Non-Current Assets

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

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

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

Collection Fund

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

Council Tax 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.

NNDR income will be included in the Comprehensive Income & Expenditure Statement for the year and treated as accrued income in the line Taxation & Non-Specific Grant Income. As a billing

authority the difference between the NNDR included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement.

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

Contingent Assets

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

Contingent Liabilities

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

Employee Benefits

- Benefits Payable during Employment:

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

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

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

However, the arrangements for the Teachers' Pensions Scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The 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 and the Public Health line is charged with the employer's contributions payable to the NHS pensions in year.

- The Local Government Pension Scheme:

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

- The liabilities of the South Yorkshire Pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.3%. 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
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- **past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- **net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and

Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to South Yorkshire Pension fund

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- Discretionary Benefits

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

Events after the Reporting Period

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

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

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

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 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 Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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.

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 and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Heritage Assets (Tangible and Intangible)

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

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

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

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

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

Intangible Assets

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

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

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 its useful lives to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the assets might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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.

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. Indirect costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

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

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

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

- Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leases Property, Plant or Equipment. Charges are made on a straight line basis over the life of the 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 the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line 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).

Lease rentals receivable are apportioned between:

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

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

The written off value of disposals is not a charge against Council Tax, as the cost of 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.

Material Items of Income and Expense

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.

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 the Capital Receipts Reserve (for any sale proceeds greater than £10,000).

Non-current Assets - Property, Plant and Equipment

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

- Recognition

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

- Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

1. Infrastructure, community assets and assets under construction – depreciated historical cost;
2. Dwellings – 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:

Asset Category	Useful Life
Other Land & Building	Dependent upon the asset 30, 40 or 50 years
Vehicles, Plant & Equipment	3 - 20 years, dependent upon the asset
Infrastructure	40 years
Intangible e.g. surveys	Dependent upon the asset concerned
Council dwellings	Having considered the policy for depreciation of council dwellings the Council has decided to continue with its policy of using the Major Repairs Allowance (MRA) as a proxy depreciation charge

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

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

Depreciation is calculated using the straight-line method.

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

- Disposals and Non- Current Assets Held for Sale

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

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

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

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

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

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (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.

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. Where a change is made it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

Provisions

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

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

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

Provision for Back Pay Arising from Unequal Pay Claims

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

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by 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 Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Council shall provide known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the Council's financial statements including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1st January of the financial year in question (i.e. on or before 1st January 2016 for 2015/16). For this disclosure the standards introduced by the 2015/16 Code include:

- IFRS 13 *Fair Value Measurement*
- *Annual Improvements to IFRSs 2010 – 2012 Cycle*
- *Annual Improvements to IFRSs 2011 – 2013 Cycle*
- *Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)*
- IFRIC 21 *Levies*
- Changes to the Code in relation to Heritage Assets

It is anticipated that, IFRS 13 which is applied prospectively, *Annual Improvements to IFRS 2011 - 2013*, *Amendments to IAS 19* and *IFRIC 21* will not have a material impact on the Council's financial statements.

The adoption of IFRS 13 in the Code is not a change of accounting policy that will require the publication of a third balance sheet. CIPFA/LASAAC considers it unlikely that *Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)* and *IFRIC 21 Levies* will require the publication of a third balance sheet.

The changes in the 2015/16 Code for the measurement of heritage assets may, for some authorities, require a change in accounting policies which will require retrospective restatement and the publication of a third balance sheet in accordance with the Code. It is expected that this will not have a material impact on the Council's financial statements.

The adoption of the following new or amended standards:

- *Annual Improvements to IFRSs 2010 – 2012 Cycle*
- *Annual Improvements to IFRSs 2011 – 2013 Cycle*

in the Code represents a change of accounting policy that may require the publication of a restated Balance Sheet as at the beginning of the preceding period (i.e. a third balance sheet) in the 2015/16 financial statements or in the group financial statements where the changes brought about by the amendments to these standards are material. In addition to the presentation of the third Balance Sheet, the Council is required to:

- a) include narrative description that the change in accounting policy is as a result of the Code's adoption of the amendments to the standards in question
- b) set out the nature of the change in the accounting policy
- c) for the current period and the previous period the amount of the adjustment to each line in the financial statements affected, to the extent practicable, and
- d) the amount of the adjustments relating to the prior period before the periods presented, to the extent practicable.

3 Critical Judgments in Applying Accounting Policies

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

Central Government Funding

There is a high degree of uncertainty about future levels of funding for local government. 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.

Accounting for non-current schools' assets

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

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

Group Accounts

The Council has considered its relationships with other entities and has concluded that the inclusion of such interests in a set of group financial statements should only be made where there is a material effect on the Council's financial position and its obligations and therefore material for an understanding of its financial affairs.

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 31st March 2015 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
Property, Plant and Equipment, HRA valuation (Note 12)	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. This is for local authorities to determine seeking appropriate professional advice where applicable.	The fair value of the Council's housing dwellings stock as at the 31 st March 2015 is determined using the regional adjustment factor of 31%. A 1% decrease in this adjustment factor would have resulted in a revaluation loss of £15.739m in 2014/15.
Defined Benefit Pension Schemes Liabilities (Note 48)	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 £388.140m (£296.261m as at 31 st March 2014). A 0.1% increase in the discount rate assumption would result in a decrease in the pensions' liability of £25.114m. A 0.1% increase in the inflation rate assumption would result in an increase in the pensions' liability of £25.599m. Similarly a one year addition to members' life expectancy as at 31 st March 2015 would result in an increase in the pensions' liability of £25.688m.

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 23rd June 2015. 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 31st March 2015, 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 at 23rd June 2015

7 Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2014/15	Usable Reserves					Movements in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation of non-current assets	(22,443)	(20,654)	0	0	0	43,097
Charges for impairment of non-current assets	(1,216)	(1,022)	0	0	0	2,238
Revaluation gains / losses on Property, Plant and Equipment	976	6,977	0	0	0	(7,953)
Movements in the fair value of Investment Properties	(6)	0	0	0	0	6
Amortisation of intangible assets	(1,056)	0	0	0	0	1,056
Capital grants and contributions applied	36,864	1,239	0	0	0	(38,103)
Revenue expenditure funded from capital under statute	(5,173)	0	0	0	0	5,173
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	(41,878)	(24,046)	0	0	0	65,924
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	8,882	0	0	0	0	(8,882)
Former SYCC debt	1,344	0	0	0	0	(1,344)
PFI Finance lease - principal repayment	1,670	0	0	0	0	(1,670)
Capital expenditure charged against the General Fund and HRA balances	4,441	6,059	0	0	0	(10,500)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	4,213	100	0	0	(4,313)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	7,948	(7,948)

	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
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,063	4,656	(8,719)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	4,011	0	0	(4,011)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	(161)	161	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,931)	0	1,931	0	0	0
Transfer from deferred capital receipts reserves upon receipt of cash	0	0	(6)	0	0	6
Use of the Capital Receipts Reserve to finance provision	(341)	0	341	0	0	0
Adjustment primarily involving the Major Repairs Reserve:						
Transfer depreciation to MRR	0	20,654	0	(20,654)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	30,713	0	(30,713)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
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	(514)	2	0	0	0	512
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 48)	(34,787)	0	0	0	0	34,787
Employer's pensions contributions and direct payments to pensioners payable in the year	28,628	0	0	0	0	(28,628)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year	(413)	0	0	0	0	413

in accordance with statutory requirements						
	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
Adjustment primarily involving the Accumulated Absences Account:						
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	1,250	0	0	0	0	(1,250)
Adjustment primarily involving the Unequal Pay Back Pay Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	276	0	0	0	0	(276)
Total Adjustments	(17,151)	(6,196)	(2,281)	10,059	3,635	11,934

2013/14	Usable Reserves					Movements in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation of non-current assets	(20,550)	(20,029)	0	0	0	40,579
Charges for impairment of non-current assets	(562)	(899)	0	0	0	1,461
Revaluation gains / losses on Property, Plant and Equipment	(1,956)	4,180	0	0	0	(2,224)
Movements in the fair value of Investment Properties	(222)	0	0	0	0	222
Amortisation of intangible assets	(743)	0	0	0	0	743
Capital grants and contributions applied	27,349	281	0	0	0	(27,630)
Revenue expenditure funded from capital under statute	(6,597)	0	0	0	0	6,597
Revenue grants to fund revenue expenditure funded from capital under statute	3,750	0	0	0	0	(3,750)
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	(32,043)	(21,387)	0	0	0	53,430
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	8,987	0	0	0	0	(8,987)
Former SYCC debt	1,222	0	0	0	0	(1,222)
PFI Finance lease - principal repayment	1,507	0	0	0	0	(1,507)
Finance leases - principal repayments	52	0	0	0	0	(52)
Capital expenditure charged against the General Fund and HRA balances	2,178	8,800	0	0	0	(10,978)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,441	0	0	0	(6,441)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	6,482	(6,482)

	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
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,109	2,046	(3,155)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	3,225	0	0	(3,225)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	(69)	69	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,138)	0	1,138	0	0	0
Transfer from deferred capital receipts reserves upon receipt of cash	0	0	(7)	0	0	7
Unattached capital receipts	45	6	(51)	0	0	0
Use of the Capital Receipts Reserve to finance provision	(607)	0	607	0	0	0
Adjustment primarily involving the Major Repairs Reserve:						
Transfer decent homes backlog funding to MRR	0	7,784	0	(7,784)	0	0
Transfer depreciation to MRR	0	20,029	0	(20,029)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	21,929	0	(21,929)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
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	10	2	0	0	0	(12)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 48)	(35,875)	0	0	0	0	35,875
Employer's pensions contributions and direct payments to pensioners payable in the year	26,050	0	0	0	0	(26,050)

	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
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	1,944	0	0	0	0	(1,944)
Adjustment primarily involving the Accumulated Absences Account:						
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	1,197	0	0	0	0	(1,197)
Adjustment primarily involving the Unequal Pay Back Pay Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(314)					314
Total Adjustments	(18,766)	744	1,826	(5,884)	41	22,039

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 2014/15.

	Balance at 31 st March 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance at 31 st March 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 st March 2015
General Fund:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balances held by schools under a scheme of delegation	8,650	(706)	4,340	12,284	(1,096)	3,145	14,333
Borough Investment Fund	8,453	(288)	1,247	9,412	(294)	992	10,110
Service Transformation	0	0	7,000	7,000	(559)	0	6,441
Severance costs	2,720	(4,133)	3,049	1,636	(716)	4,366	5,286
Public Health	0	(500)	2,057	1,557	0	679	2,236
Supporting & Maintaining Independence Programme	0	0	0	0	0	1,792	1,792
Adult Social Care System implementation	2,209	(392)	0	1,817	(297)	0	1,520
Revenue contribution to the capital programme	0	0	0	0	0	1,501	1,501
Business Rates – Contingency against Risks and Volatility	0	0	415	415	0	1,044	1,459
Stronger Families Programme	0	0	820	820	0	517	1,337
Care Act 2014 compliance	0	0	0	0	0	1,100	1,100
Section 106 agreements	1,933	(1,249)	575	1,259	(471)	204	992
Section 278 agreements	1,270	(296)	0	974	(54)	13	933
Investment & Modernisation Fund – Revenue	0	0	500	500	0	410	910
Digital Council Programme Resources	0	0	0	0	0	902	902
LO-CYP Improvement Plan	0	(2,165)	3,644	1,479	(1,005)	130	604
Civic office Major Systems replacement	0	0	294	294	0	302	596
Business Rates Incentive Scheme	0	0	0	0	0	500	500
Community Incentive Scheme	0	0	0	0	0	500	500
Other	12,364	(20,119)	16,111	8,356	(5,373)	2,942	5,925
Total	37,599	(29,848)	40,052	47,803	(9,865)	21,039	58,977
Movement in year (see Movement in Reserves Statement) (MIRS)				10,204			11,174

Balances Held By Schools Under A Scheme of Delegation

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 (T.P.I.P.) 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.

Service Transformation

To provide one-off funding to deliver service transformation in a timely and well managed way e.g. project and set-up costs. It will also provide one-off funding for slippage on the major projects.

Severance costs

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, 2013/14 and 2014/15 post reductions. The remaining balance will be used to fund retirement and redundancy costs in 2015/16 and future years.

Public Health

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

Supporting & Maintaining Independence Programme

This reserve will be used to support the Adult Social Care and Health related transformation programme to change the way the services are provided and designed to reduce hospital and residential home admissions.

Adult Social Care System implementation

This is being used to fund the implementation of the new case management integrated finance system for Adult Social Care.

Revenue Contribution to the Capital Programme

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

Business Rates - Contingency against Risks and Volatility

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

Stronger Families Programme

The reserve was created to allow the Council and its partners to develop a Stronger Families programme, providing an integrated approach to supporting families with additional needs.

Care Act 2014 compliance

This reserve has been established to enable the Council to deliver the statutory functions of the Care Act 2014 from April 2015 and to provide a social prescribing service.

Section 106 agreements

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

Section 278 agreements

Section 278 of The Highways Act 1980 allows the Council to receive payment from developers prior to the work being carried out to improve highways. The remaining balance includes £694k to be spent on the Frenchgate Interchange over its lifetime.

Investment & Modernisation Fund – Revenue

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

Digital Council Programme Resources

This reserve is to be used to fund temporary posts that will facilitate the delivery of the Digital Council Programme. A programme of work to increase customer satisfaction through web site self-service (reporting, appointment booking, and making payments); mobile working solutions with automated job scheduling; and a single customer record.

LO-CYP Improvement Plan

A fund of £2.704m was established within earmarked reserves to support the CYP Improvement Plan actions to be delivered in 2013/14 to 2015/16 as set out on the Cabinet report 27th March 2013. The balance at 31st March 2015 of £0.6m is to be used to deliver the remaining Improvement actions including those now managed under Doncaster Children's Trust.

Civic Office Repairs and Maintenance Fund

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

New Business Rates Discount Scheme

Pilot fund to facilitate incentives to potential investors where there is a clear demonstration that it would lead to a sustainable and substantial contribution to economic growth within the borough.

Community Incentive Scheme

To provide one-off funding for community incentives linked to the voluntary, community and faith strategy.

Others

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

9 Other Operating Expenditure

2013/14		2014/15
£'000		£'000
1,991	Parish Council Precepts	2,114
1,138	Payments to the Government Housing Capital Receipts Pool	1,931
50,299	(Gains) / Losses on the disposal of non-current assets	57,205
53,428	TOTAL	61,250

10 Financing and Investment Income and Expenditure

2013/14		2014/15
£'000		£'000
17,850	Interest payable and similar charges	18,596
15,599	Pensions interest cost and expected return on pensions Assets	11,886
(601)	Interest receivable and similar income	(709)
159	Income and expenditure in relation to investment properties and changes in their fair value (Note 14)	(58)
(6)	Other investment income	0
(3,130)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services (Note 31)	(2,858)
29,871	TOTAL	26,857

11 Taxation and Non Specific Grant Income

2013/14		2014/15
£'000		£'000
(79,849)	Council tax income	(85,215)
(40,504)	Non domestic rates redistribution	(42,499)
(3,874)	Transfer of Collection Fund (Surplus) / Deficit	(2,332)
(136,137)	Non-ring fenced government grants (Note 39)	(118,972)
(41,855)	Capital grants and contributions (Note 39)	(42,417)
(302,219)	TOTAL	(291,435)

12 Property, Plant and Equipment

Movements in 2014/15

2014/15									
	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
Cost or Valuation									
At 1st April 2014	500,243	576,221	36,651	214,933	3,264	79,722	23,698	1,434,732	24,360
Additions	46,095	18,669	3,127	7,011	508	693	25,428	101,531	48
Donation	0	0	0	0	0	0	6,500	6,500	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(16,561)	18,951	0	0	(33)	(858)	0	1,499	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	3,221	1,298	0	0	(252)	(119)	0	4,148	0
De-recognition – disposals	(3,250)	(35,720)	(669)	0	0	(3,056)	0	(42,695)	(24,360)
De-recognition – other	(20,062)	(3,515)	(1,909)	(1,929)	(187)	0	(58)	(27,660)	(48)
Assets reclassified (to)/from Held for Sale	0	(1,408)	0	0	0	(1,801)	0	(3,209)	0
Reclassification within PPE	49	(376)	0	2,660	57	(3,220)	830	0	0
At 31st March 2015	509,735	574,120	37,200	222,675	3,357	71,361	56,398	1,474,846	0
Accumulated Depreciation & Impairment									
at 1st April 2014	(20,367)	(59,172)	(17,574)	(56,525)	(251)	(9,554)	(58)	(163,501)	(3,180)
Depreciation charge	(20,100)	(14,806)	(3,310)	(4,555)	(41)	(45)	0	(42,857)	(612)
Depreciation & Impairment written out to the Revaluation Reserve	16,610	14,651	0	0	102	43	0	31,406	0
Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	3,756	0	0	0	2	0	0	3,758	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,022)	(120)	0	(75)	0	(660)	0	(1,877)	0
De-recognition – disposals	0	4,802	639	0	0	0	0	5,441	3,792
De-recognition – other	0	330	1,752	0	0	0	58	2,140	0
Reclassification within Held for sale	0	326	0	0	0	33	0	359	0
Reclassification within PPE	0	(270)	0	0	0	270	0	0	0
At 31st March 2015	(21,123)	(54,259)	(18,493)	(61,155)	(188)	(9,913)	0	(165,131)	0
Net Book Value									
at 31st March 2015	488,612	519,861	18,707	161,520	3,169	61,448	56,398	1,309,715	0
at 31st March 2014	479,876	517,049	19,077	158,408	3,013	70,168	23,640	1,271,231	21,180

Comparative Movements in 2013/14

2013/14									
	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
Cost or Valuation									
At 1st April 2013	503,848	572,029	52,519	178,203	3,553	80,030	57,772	1,447,954	24,333
Opening balances reclassification	(98)	0	0	0	0	97	0	(1)	0
At 1st April 2013 adjusted	503,750	572,029	52,519	178,203	3,553	80,127	57,772	1,447,953	24,333
Additions	33,906	8,469	3,338	5,787	680	443	19,793	72,416	133
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(16,630)	6,563	0	0	182	135	1,602	(8,148)	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(45)	(2,210)	0	0	(219)	(126)	0	(2,600)	0
De-recognition – disposals	(1,414)	(25,448)	(80)	0	0	(960)	0	(27,902)	0
De-recognition – other	(19,356)	(4,277)	(20,168)	(2,415)	(458)	0	(33)	(46,707)	(106)
Assets reclassified (to)/from Held for Sale	0	(280)	0	0	0	0	0	(280)	0
Reclassification within PPE	32	21,375	1,042	33,358	(474)	103	(55,436)	0	0
At 31st March 2014	500,243	576,221	36,651	214,933	3,264	79,722	23,698	1,434,732	24,360
Accumulated Depreciation & Impairment									
at 1st April 2013	(20,747)	(51,247)	(33,806)	(52,068)	(250)	(9,297)	(58)	(167,473)	(2,518)
Depreciation charge	(19,465)	(12,898)	(3,318)	(4,456)	(69)	(134)	0	(40,340)	(676)
Depreciation & Impairment written out to the Revaluation Reserve	16,522	3,455	0	0	14	153	0	20,144	0
Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	4,225	0	0	0	0	0	0	4,225	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	(249)	0	0	0	0	0	(249)	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(899)	(135)	0	(77)	0	(350)	0	(1,461)	0
De-recognition – disposals	0	1,842	35	0	0	74	0	1,951	
De-recognition – other	0	14	19,569	76	0	0	0	19,659	14
Reclassification within Held for sale	0	43	0	0	0	0	0	43	0
Reclassification within PPE	(3)	3	(54)	0	54	0	0	0	0
At 31st March 2014	(20,367)	(59,172)	(17,574)	(56,525)	(251)	(9,554)	(58)	(163,501)	(3,180)
Net Book Value (NBV)									
at 31st March 2014	479,876	517,049	19,077	158,408	3,013	70,168	23,640	1,271,231	21,180
at 31st March 2013	483,101	520,782	18,713	126,135	3,303	70,733	57,714	1,280,481	21,815

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 31st March 2015, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years budgeted to cost £29.299m. Similar commitments at 31st March 2014 were £35.318m. The major commitments are:

	£'000
Waste PFI – Capital Contribution	7,710
Thermal Improvement Programme Wates	7,701
Finningley & Rossington Regeneration Route Scheme	5,796
Waste Transfer Station	5,036
Thermal Improvement Programme Keepmoat	1,943
Carr Lodge Academy	1,113
Total	29,299

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
Carried at Historical Cost	0	0	16,250	159,700	745	0	56,398	233,093
Valued at Fair Value as at:								
31st March 2015	488,612	126,257	2,457	1,820	717	4,595	0	624,458
31st March 2014	0	56,314	0	0	481	1,437	0	58,232
31st March 2013	0	132,665	0	0	127	4,422	0	137,214
31st March 2012	0	53,084	0	0	1,011	18,017	0	72,112
31st March 2011	0	151,541	0	0	88	32,977	0	184,606
Total Cost or Valuation	488,612	519,861	18,707	161,520	3,169	61,448	56,398	1,309,715

13 Heritage Assets

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

2014/15	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
At 1st April 2014	136	2,514	5,366	12	43	3,084	11,155
Additions	0	0	383	0	0	0	383
Disposals	0	(63)	0	0	0	0	(63)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	(3)	0	1	0	(2)
Revaluation increases / (decreases) recognised in surplus or deficit on the provision of services	0	0	(4)	0	0	0	(4)
At 31st March 2015	136	2,451	5,742	12	44	3,084	11,469
Depreciation & Impairment							
At 1st April 2014	0	0	(251)	0	0	(14)	(265)
Depreciation	0	0	(239)	0	0	0	(239)
Impairment losses/ (reversals) recognised in surplus or deficit on the provision of services	0	0	(383)	0	0	0	(383)
At 31st March 2015	0	0	(873)	0	0	(14)	(887)
Net Book Value At 31st March 2015	136	2,451	4,869	12	44	3,070	10,582

2013/14	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1st April 2013	136	2,514	7,120	12	43	3,084	12,909
Opening Balance Adjustment	0	0	0	0	(1)	0	(1)
At 1st April 2013 Adjusted	136	2,514	7,120	12	42	3,084	12,908
Additions	0	0	24	0	0	0	24
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	(2,363)	0	1	0	(2,362)
Revaluation increases / (decreases) recognised in surplus or deficit on the provision of services	0	0	600	0	0	0	600
De-recognition	0	0	(15)	0	0	0	(15)
At 31st March 2014	136	2,514	5,366	12	43	3,084	11,155
Depreciation & Impairment							
At 1st April 2013	0	0	(2,368)	0	0	(14)	(2,382)
Depreciation	0	0	(239)	0	0	0	(239)
Depreciation & Impairment written out to the Revaluation Reserve	0	0	2,356	0	0	0	2,356
At 31st March 2014	0	0	(251)	0	0	(14)	(265)
Net Book Value At 31st March 2014	136	2,514	5,115	12	43	3,070	10,890

Civic Regalia

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

The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Exhibits, Statues and Monuments

This category includes items of decorative art, pottery and furniture. Decorative Art collection has just under 500 items from the Hull Grundy collection of costume jewellery, treen, textiles, glassware, metalwork (including the Doncaster Gold Cups) and a collection of art medals. Monuments within this category include cemetery and War memorials.

The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Historic Land and Buildings

The main items held within this category include cemeteries and Cusworth Hall which is a grade 1 listed building set in acres of historic parkland with lakes and plantations with dramatic views across the town. The site which was extensively restored between 2003 and 2007 invites visitors to experience a wealth of architecture, heritage and landscape history. The Council holds several other 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.

Valuations for historic land and buildings have been prepared by in house assets and property valuers as part of a five year rolling programme.

Military and Scientific Equipment

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

The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Recording of Historically Significant events

These include more than a thousand title deeds (including the series of royal charters), the four volumes of the borough courtier (or act book) detailing the council's decisions from the mid-16th 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-19th century.

Recording of Historically Significant events are valued at cost.

Works of Art

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

The assets have been valued, based on insurance valuations as a proxy for open market valuations.

2014/15 Additions comprise of:

Heritage Asset	£'000
Fabric works relating to Cusworth Hall	383

Five Year Summary of Transactions

	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
Cost of acquisitions of heritage assets					
Civic Regalia	0	0	0	0	0
Exhibits, Statues & Monuments	0	0	0	0	0
Historic Land & Buildings	0	8	0	24	383
Military & Scientific Equipment	0	0	0	0	0
Recording of Historically Significant Events	7	0	0	0	0
Works of Art	0	0	0	0	0
Total cost of purchases	7	8	0	24	383
Disposal of heritage assets					
Civic Regalia	0	0	0	0	0
Exhibits, Statues & Monuments	0	0	0	0	(63)
Historic Land & Buildings	0	0	0	0	0
Military & Scientific Equipment	0	0	0	0	0
Recording of Historically Significant Events	0	0	0	0	0
Works of Art	0	0	0	0	0
Total cost of purchases	0	0	0	0	(63)
Impairment Recognised in the period					
Civic Regalia	0	0	0	0	0
Exhibits, Statues & Monuments	0	0	0	0	0
Historic Land & Buildings	0	0	0	0	(383)
Military & Scientific Equipment	0	0	0	0	0
Recording of Historically Significant Events	0	0	0	0	0
Works of Art	0	0	0	0	0
Total cost of purchases	0	0	0	0	0

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

	2013/14	2014/15
	£'000	£'000
Rental income from investment property	73	66
Direct operating expenses arising from investment property	(10)	(2)
Net gain/(loss)	63	64

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.

	2013/14	2014/15
	£'000	£'000
Balance at start of the year	17,859	17,312
Disposals	(325)	0
Net gains/losses from fair value adjustments	(222)	(6)
Balance at end of the year	17,312	17,306

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:

	Other Assets
0-3 years	Verisecure cash receipting system, Highways and Transport Asset Management Programme (HAMP/TAMP), E-Marketplace
4-5 years	Electronic Document Management System (EDMS), Customer Relation Management System, Tranman Fleet Management System, VOIP System, Server Vmware
6-10 years	Children's 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 £1,055,544 amortisation, £16,656 was charged to revenue in 2014/15 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:

	2013/14	2014/15
	Other Assets	Other Assets
	£'000	£'000
Balance at start of year		
- Gross carrying amounts	3,696	5,231
- Accumulated amortisation	(1,218)	(1,960)
Net carrying amount at start of year	2,478	3,271
Additions - Purchases	1,535	1,037
Amortisation for the period	(742)	(1,056)
Net carrying amount at end of year	3,271	3,252
Comprising:		
- Gross carrying amounts	5,231	6,268
- Accumulated amortisation	(1,960)	(3,016)
	3,271	3,252

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 £848k.

System Name	Date Contract Commenced	Financial year in which the system became operational	On-going Commitment £'000
Corporate Financial System	November 2012	2013/14	242
Customer Relation Management System	February 2012	2012/13	76
IDOX Enterprise	October 2013	2014/15	15
CareFirst	July 2013	2014/15	515

Total			848
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The Council participates in the Carbon Reduction Commitment Energy Efficiency Scheme and purchased carbon allowances in the forecast sale during 2014/15. As at 31st March 2015 the Council held unused allowances valued, at cost, at £624k. These assets will be used in 2015/16 and are classified as current intangible assets in line with the Council's accounting policy.

16 Financial Instruments

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

	Long Term		Current	
	31 st March 2014 £'000	31 st March 2015 £'000	31 st March 2014 £'000	31 st March 2015 £'000
Investments				
Loans and receivables	1,079	24	5,196	40,073
Loans and receivables - Cash Equivalents (Note 20)	0	0	66,850	24,300
Unquoted equity investment at cost (b)	2,772	2,772	0	0
Total investments	3,851	2,796	72,046	64,373
Debtors				
Loans and receivables	5,835	7,873	0	0
Financial assets carried at contract amount (trade debt)	0	0	28,124	45,251
Total Debtors	5,835	7,873	28,124	45,251
Borrowings				
Financial liabilities at amortised cost (a)	301,363	352,502	98,215	87,587
Total borrowings	301,363	352,502	98,215	87,587
Other Long Term Liabilities				
PFI lease liabilities (Note 43)	38,061	36,270	1,670	1,791
Metropolitan debt (SYCC)	11,407	9,928	1,344	1,478
Total other long term liabilities	49,468	46,198	3,014	3,269
Creditors				
Financial liabilities carried at contract amount (trade credit)	0	0	6,308	7,366
Total creditors	0	0	6,308	7,366

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

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

Material Soft Loans Made by the Council

Loan to Doncaster Culture & Leisure Trust

The loans to Doncaster Culture & Leisure Trust for gym equipment are deemed to be material soft loans. The loans for £0.282m (5 year term) and £2.800m (15 year term) are at interest rates below the prevailing market rate.

	2013/14	2014/15
	£'000	£'000
Balance at the Start of the year:		
Opening Balance	0	202
Nominal Value of New Loans Granted in Year	282	2,800
Fair value adjustment on initial recognition	(80)	(632)
Loans Repaid	0	(56)
Increase in Discounted amount	0	27
Closing Balance at end of year	202	2,341
Nominal Value as at 31 March	202	2,397

Valuation Assumptions

The interest rate at which the fair value of these soft loans have been made are arrived at by taking the Council's prevailing cost of borrowing (1.72% and 3.16% respectively) and adding an allowance for the risk that the loans might not be repaid. These are then compared to the commercial rate of interest available for similar loans.

Employee Car Loans

The Council does not make any material loans for car purchases for employees within the Council.

Income, Expense, Gains and Losses

	2013/14				2014/15			
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Assets and Liabilities at Fair Value through Profit and Loss	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Assets and Liabilities at Fair Value through Profit and Loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense (Note 10)	(17,850)	0	0	(17,850)	(18,596)	0	0	(18,596)
Reductions in fair value	0	0	(80)	(80)	0	0	(632)	(632)
Total expense in Surplus or Deficit on the Provision of Services	(17,850)	0	(80)	(17,930)	(18,596)	0	(632)	(19,228)
Interest income (Note 10)	0	601	0	601	0	709	0	709
Total income in Surplus or Deficit on the Provision of Services	0	601	0	601	0	709	0	709
Net gain/(loss) for the year	(17,850)	601	(80)	(17,329)	(18,596)	709	(632)	(18,519)

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;
- The estimated range of interest rates at 31st March 2015 are between 1.11% and 3.08% for loans from the PWLB, market loans payable were between 0.86% and 2.83% and between 0.36% and 0.84% for loans and receivables;
- 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.

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

The fair values calculated are as follows:

	31 st March 2014		31 st March 2015	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities	396,259	427,921	440,090	536,000

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 st March 2014		31 st March 2015	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and receivables	73,273	71,877	64,396	64,424
Long-term debtors	5,835	5,835	7,873	7,873

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.

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

17 Inventories

2014/15	Consumable Stores	Transport	General Materials	Total
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	593	206	56	855
Purchases	1,452	1,186	2,724	5,362
Recognised as an expense in the year	(1,534)	(1,220)	(2,705)	(5,459)
Written off balances	0	0	(8)	(8)
Balance outstanding at year-end	511	172	67	750

Comparative 2013/14	Consumable Stores	Transport	General Materials	Total
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	526	202	157	885
Purchases	1,424	1,523	2,451	5,398
Recognised as an expense in the year	(1,357)	(1,515)	(2,480)	(5,352)
Written off balances	0	(4)	(72)	(76)
Balance outstanding at year-end	593	206	56	855

18 Construction Contracts

There are no material transactions relating to construction contracts within 2014/15

19 Debtors

	31 st March 2014	31 st March 2015
	£'000	£'000
Debtors		
Central Government bodies	17,140	21,011
Other local authorities	2,939	1,768
NHS bodies	1,778	1,204
Other entities and individuals	45,561	55,211
Sub Total	67,418	79,194
Payments in advance	9,068	9,629
Total	76,486	88,823

20 Cash and Cash Equivalents

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

	31 st March 2014	31 st March 2015
	£'000	£'000
Cash held by the Council	110	20
Bank overdraft	(6,760)	(20,546)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	66,850	24,300
Total Cash and Cash Equivalents	60,200	3,774

21 Assets Held For Sale

	Current	
	2013/14	2014/15
	£'000	£'000
Balance outstanding at start of year	90	237
Assets newly classified as held for sale: Property, Plant and Equipment	237	2,850
Assets declassified as held for sale: Assets sold	(90)	(3,087)
Balance outstanding at year-end	237	0

22 Creditors

	31 st March	31 st March
	2014	2015
	£'000	£'000
Creditors		
Central Government bodies	(6,927)	(8,994)
Other local authorities	(1,634)	(1,593)
NHS bodies	(794)	(887)
Public corporations and trading funds	(2,605)	(2)
Other entities	(55,470)	(42,163)
Sub Total	(67,430)	(53,639)
Receipts in Advance	(1,651)	(4,337)
Total	(69,081)	(57,976)

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 st April 2014	Additional provisions made in 2014/15	Amounts used in 2014/15	Unused amounts reversed in 2014/15	Balance at 31 st March 2015	Short Term Provisions	Long Term Provisions
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance fund	7,608	4,693	(3,213)	0	9,088	948	8,140
NDR Appeals	3,058	4,074	(2,197)	0	4,935	4,935	0
Grant Claw-back	2,660	432	0	0	3,092	244	2,848
Municipal Mutual Insurance	1,361	185	0	0	1,546	0	1,546
Digital Region Limited	4,756	0	(2,521)	(1,300)	935	935	0
South Yorkshire Trading Standards	3,007	0	(2,500)	(507)	0	0	0
Other Provisions	1,772	65	(469)	(132)	1,236	383	853
Total	24,222	9,449	(10,900)	(1,939)	20,832	7,445	13,387

Insurance fund

The Council self-insures part of its insurable financial risk by holding excesses on the various insurance policies that it has in place, currently with Zurich Municipal. These excesses apply to various categories of cover including property, 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 31st March 2015 this was estimated to be approximately £8.2m, and it is estimated that the cost to the Council of settling these claims will be £5.6m 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 £1.4m, this together with a reserve for emerging claims gives a total insurance fund value of £9m.

NNDR Appeals

Under the Business Rates Retention scheme 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority) and 50% is passed to central government. Business rate payers can appeal against the rateable value and provision must be made for successful appeals. The total provision for appeals as at 31st March 2015 is £10.072m. The Council's share is £4.935m (49%). The increase in provision is due to the government announced during the year that appeals could only be back dated to the start of the current ratings list (1st April 2010) if they were lodged by 31st March 2015 which caused a spike in the number of appeals outstanding.

Grant Claw-back

The provision has been established to meet the cost of potential clawback of grants, specifically in relation to the Derelict Land Grant (DLG), Land Reclamation Programme Grant (LRPG) and European Regional Development Fund (ERDF). DLG and LRPG were used for the reclamation of land to facilitate future development. As part of the grant conditions, on disposal, appropriation or bringing the land into use the Council has to repay grant based on the after value of the land.

Municipal Mutual Insurance

MMI were the Council's insurer until their demise in 1992 when they ceased writing new business. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle 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 and so a levy was imposed on all scheme creditors, including the Council, who have been paid amounts in respect of scheme liabilities. An initial levy set at 15% by the administrators has been paid in 2013/14 with projected outcomes for a solvent run-off ranging anywhere between 9.5% and 28%. Because of the nature of many of the claims, the fact that trends continue to be adverse and the projections are subject to substantial uncertainty, a provision of £1.546m is now recognised.

Digital Region Limited

The Council provided £7.58m to cover the costs of the orderly closedown of DRL (£6.28m in 2011/12 and £1.30m in 2012/13). Of this provision £2.82m has been used in prior years and a further £2.52m has been used during 2014/15. As the estimated costs of closure have reduced (to around £5.3m for Doncaster) a further £1.3m has been released back to revenue during the year. The balance of £0.94m is retained to cover any further costs during 2015/16 when DRL will cease to exist.

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 was estimated at £3.007m. The final settlement was agreed, and payment of £2.5m made, during 2014/15.

Other Provisions

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

24 Usable Reserves

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

25 Unusable Reserves

31 st March 2014		31 st March 2015
£'000		£'000
251,696	Revaluation Reserve (Note 25a)	268,610
521,126	Capital Adjustment Account (Note 25b)	530,745
(1,060)	Financial Instruments Adjustment Account (Note 25c)	(1,572)
(296,261)	Pension Reserve (Note 25d)	(410,550)
4,845	Deferred Capital Receipts Reserve (Note 25e)	4,839
3,735	Collection Fund Adjustment (Note 25f)	3,322
(4,065)	Accumulated Absences Account (Note 25g)	(2,815)
(314)	Unequal Pay Back Pay Account (Note 25h)	(38)
479,702	Total Unusable Reserves	392,541

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 1st 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.

2013/14		2014/15
£'000		£'000
257,409	Balance at 1st April	251,696
15,576	Upward revaluation of assets	39,249
(3,835)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(6,346)
11,741	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	32,903
(3,832)	Difference between fair value depreciation and historical cost depreciation	(5,799)
(13,622)	Accumulated gains on assets sold or scrapped	(10,190)
(17,454)	Amount written off to the Capital Adjustment Account	(15,989)
251,696	Balance at 31st March	268,610

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 and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st 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.

2013/14 £'000		2014/15 £'000	
518,720	Balance at 1st April		521,126
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
(21,114)	Charges for depreciation of non-current assets	(22,997)	
(19,465)	Charges for depreciation on council dwellings	(20,100)	
(1,461)	Charges for impairment of non-current assets	(2,238)	
2,224	Revaluation gains / (losses) on Property, Plant and Equipment	7,953	
(743)	Amortisation of intangible assets	(1,056)	
(6,597)	Revenue expenditure funded from capital under statute	(5,173)	
(53,430)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(65,924)	
(100,586)			(109,535)
17,454	Adjusting amounts written out of the Revaluation Reserve	15,989	
(83,132)	Net written out amount of the cost of non-current assets consumed in the year		(93,546)
Capital financing applied in the year:			
3,225	Use of the Capital Receipts Reserve to finance new capital expenditure	4,011	
21,929	Use of the Major Repairs Reserve to finance new capital expenditure	30,713	
31,380	Capital grants and contributions credited to the CI&ES that have been applied to capital financing	38,103	
6,482	Application of grants to capital financing from the Capital Grants Unapplied Account	7,948	
10,978	Capital expenditure charged against the General Fund and HRA balances	10,500	
8,987	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	8,882	
1,507	Write down of PFI Finance Liabilities	1,670	
52	Write down of Finance Lease Liabilities	0	
1,222	Former South Yorkshire County Council debt repayment	1,344	
85,762			103,171
(222)	Movements in the market value of Investment Properties debited or credited to the CI&ES	(6)	
(2)	Other	0	
521,126	Balance at 31st March		530,745

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 redeemed. As a result the balance on the account at 31st March 2015 will be charged to the General Fund.

2013/14		2014/15	
£'000		£'000	
(1,072)	Balance at 1st April		(1,060)
(80)	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(632)	
92	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	120	
12	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		(512)
(1,060)	Balance at 31st March		(1,572)

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.

2013/14		2014/15	
£'000		£'000	
(395,859)	Balance at 1st April		(296,261)
109,423	Actuarial gains or losses on pensions assets and liabilities		(108,130)
(35,875)	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)		(34,787)
26,050	Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 48)		28,628
(296,261)	Balance at 31st March		(410,550)

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.

2013/14		2014/15	
£'000		£'000	
4,852	Balance at 1st April		4,845
(7)	Transfer to the capital Receipts Reserve upon receipt of cash		(6)
4,845	Balance at 31st March		4,839

25f Collection Fund Adjustment Account

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

2013/14		2014/15
£'000		£'000
1,791	Balance at 1st April	3,735
1,944	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	(413)
3,735	Balance at 31st March	3,322

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 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

2013/14		2014/15
£'000		£'000
(5,262)	Balance at 1st April	(4,065)
5,262	Settlement or cancellation of accrual made at the end of the preceding year	4,065
(4,065)	Amounts accrued at the end of the current year	(2,815)
1,197	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	1,250
(4,065)	Balance at 31st March	(2,815)

25h Unequal Pay Back Pay Account

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

2013/14		2014/15
£'000		£'000
0	Balance at 1st April	(314)
(921)	Increase in provision for back pay in relation to Equal Pay cases	(65)
607	Cash settlements paid in year	341
(314)	Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	276
(314)	Balance at 31st March	(38)

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2013/14 £'000		2014/15 £'000
645	Interest received	663
(17,883)	Interest paid	(18,250)

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

2013/14 £'000		2014/15 £'000
40,579	Depreciation	43,097
(763)	Impairment and downward valuations	(5,642)
743	Amortisation	1,056
435	Increase/(Decrease) in creditors	(13,446)
(21,270)	(Increase)/Decrease in debtors	(14,831)
30	(Increase)/Decrease in inventories	(519)
9,825	Movement in pension liability	(16,251)
53,430	Carrying amount of non-current assets held for sale, sold or de-recognised	65,924
(332)	Other non-cash items charged to the net surplus or deficit on the provision of services	(2,610)
82,677		56,778

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

2013/14 £'000		2014/15 £'000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	1,055
(3,136)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,719)
(41,367)	Capital Grants credited to surplus or deficit on the provision of services	(42,416)
(44,503)		(50,080)

27 Cash Flow Statement – Investing Activities

2013/14 £'000		2014/15 £'000
(73,951)	Purchase of property, plant and equipment, investment property and intangible assets	(102,951)
(5,000)	Purchase of short-term and long-term investments	(40,000)
(212)	Other payments for investing activities	(3,040)
3,092	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,725
10,018	Proceeds from short-term and long-term investments	5,000
60,981	Capital grant received	39,125
58	Other capital cash receipts	150
(5,014)	Net cash flows from investing activities	(92,991)

28 Cash Flow Statement – Financing Activities

2013/14 £'000		2014/15 £'000
55,500	Cash receipts of short- and long-term borrowing	135,235
2,208	Other receipts from financing activities	1,403
(1,557)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,670)
(50,751)	Repayments of short- and long-term borrowing	(96,245)
5,400	Net cash flows from financing activities	38,723

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 2014/15 financial year there were no acquired or discontinued operations.

31 Trading Operations

The Council has reviewed its trading units in 2014/15 which are detailed below. Trading units are where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations.

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

	2013/14			2014/15		
	Turnover	Expenditure	Surplus	Turnover	Expenditure	Surplus
Services to the public included in Expenditure of Continuing Operations						
Markets	(1,820)	1,463	(357)	(1,703)	1,440	(263)
Bereavement Services	(2,670)	1,151	(1,519)	(2,706)	1,442	(1,264)
Parking	(1,665)	1,532	(133)	(1,707)	1,505	(202)
Trade Waste	(1,921)	1,530	(391)	(2,156)	1,653	(503)
Total Services to the public included in Expenditure of Continuing Operations	(8,076)	5,676	(2,400)	(8,272)	6,040	(2,232)
Support services recharged to Expenditure of Continuing Operations						
Metro Clean	(5,639)	5,631	(8)	(5,668)	5,720	52
Schools Catering	(8,446)	7,724	(722)	(9,133)	8,455	(678)
Total Support services recharged to Expenditure of Continuing Operations	(14,085)	13,355	(730)	(14,801)	14,175	(626)
Net surplus credited to Other Operating Expenditure (Note 10)	(22,161)	19,031	(3,130)	(23,073)	20,215	(2,858)

Services to the public included in Expenditure of Continuing Operations

Markets

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

Bereavement Services

Bereavement Services has management responsibility for the crematorium, thirteen cemeteries, thirteen closed churchyards and community War Memorials in the Borough (excluding Elmfield Park).

The Crematorium complies with the requirements of the Environmental Protection Act 1990.

Parking Services

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

Business waste and recycling (commercial and trade)

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

Support Services recharged to Expenditure of Continuing Operations

Metro Clean

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

Schools Catering

Schools Catering provides meals in Doncaster for schools and academies.

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 2014/15.

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.

2013/14		2014/15
£		£
760,692	Basic allowance	760,855
245,507	Special responsibility allowance	220,467
5,775	Travel	4,030
3,391	Co-opted members	2,434
1,015,365	Total	987,786

36 Officers' Remuneration**Senior Officer Remuneration**

Title / Name	Year	Gross Salary	Additional payments	Employer Pension Contribution	Total
		£	£	£	£
Chief Executive J Miller	2014/15	149,000	0	19,221	168,221
	2013/14	149,000	60	29,949	179,009
Director of Adults & Communities J Beck – Note 1	2014/15	20,063	0	0	20,063
	2013/14	120,379	0	24,196	144,575
Director of Adults, Health & Wellbeing D Hamilton – Note 2	2014/15	75,739	46	9,770	85,555
Director of Regeneration & Environment P Dale	2014/15	120,379	0	15,529	135,908
	2013/14	120,379	187	24,196	144,762
Director of Learning Opportunities: Children & Young People E Brazil – Note 3	2014/15	140,675	13,240	0	153,915
Director of Children & Young People's Services E Brazil from July 2013	2013/14	125,800	11,840	0	137,640
Director of Children & Young People's Services C Pratt to June 2013	2013/14	30,095	0	6,049	36,144
Director of Finance & Corporate Services (Section 151 Officer) S Wiles	2014/15	112,652	0	14,532	127,184
	2013/14	112,695	0	22,652	135,347
Director of Public Health T Baxter – Note 4	2014/15	111,596	27,740	18,726	158,062
	2013/14	132,878	265	17,865	151,008
Monitoring Officer R Harvey	2014/15	89,943	149	11,622	101,714
	2013/14	89,644	210	18,019	107,873

Note 1 – J Beck left the Council on 31st May 2014.

Note 2 – D Hamilton started work with the Council on 4th August 2014.

Note 3 – E Brazil, although not regarded as an employee of the Council under employment law, currently occupies the statutory role of the Director of Children's Services and is therefore included within this note as a senior officer of the Council. The figures include all payments received by E Brazil e.g. expense allowances and the estimated monetary value of any other benefits received otherwise than in cash.

Note 4 – T Baxter covered the statutory role for Rotherham MBC from 4th December 2014 to 31st March 2015; the Council received income from Rotherham MBC for this period.

During the year, the Council changed the following Directorate names:

- Director of Children & Young People's Services changed to Director of Learning Opportunities: Children & Young People; and
- Director of Adults & Communities changed to Director of Adults, Health & Wellbeing.

The employer pension contribution has decreased in 2014/15 to 12.9% from 20.1% due to all pension fund deficit payments being centralised instead of charging a combined future service rate and deficit payment rate to services.

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

2013/14			Salary Banding	2014/15		
DMBC	Schools	Total	£	DMBC	Schools	Total
21	38	59	50,000 - 54,999	11	35	46
17	31	48	55,000 - 59,999	18	28	46
14	25	39	60,000 - 64,999	19	19	38
2	11	13	65,000 - 69,999	3	12	15
2	5	7	70,000 - 74,999	1	9	10
0	4	4	75,000 - 79,999	1	4	5
10	1	11	80,000 - 84,999	2	0	2
3	2	5	85,000 - 89,999	8	1	9
0	0	0	90,000 - 94,999	2	0	2
1	1	2	95,000 - 99,999	1	0	1
0	1	1	100,000 - 104,999	0	0	0
0	0	0	105,000 - 109,999	0	1	1
70	119	189	Total	66	109	175

The table above excludes the senior employees and posts whose remuneration for 2013/14 and 2014/15 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 2013/14 and 2014/15 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 (£)	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0 - £20,000	37	34	150	84	187	118	1,310,700	781,725
£20,001 - £40,000	2	0	13	7	15	7	397,125	170,637
£40,001 - £60,000	0	2	0	1	0	3	0	136,457

TOTAL	39	36	163	92	202	128	1,707,825	1,088,819
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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, KPMG.

	2013/14	2014/15
	£'000	£'000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	218	166
Fees payable to KPMG for the certification of grant claims and returns for the year	49	37
Fees payable in respect of other services provided by KPMG during the year	14	26
Total	281	229

38 Dedicated Schools Grant

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 2014.

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 2014/15 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2014/15 before academy recoupment	23,375	196,879	220,254
Academy figure recouped for 2014/15	(1,818)	(92,773)	(94,591)
Total DSG after academy recoupment for 2014/15	21,557	104,106	125,663
Plus: Brought Forward from 2013/14	3,367	0	3,367
Less: Carry-forward to 2015/16 agreed in advance	(4,017)	0	(4,017)
Agreed initial budgeted distribution in 2014/15	20,907	104,106	125,013
In-year adjustments	80	0	80
Final budgeted distribution for 2014/15	20,987	104,106	125,093
Less: Actual central expenditure	(19,486)	0	(19,486)
Less: Actual ISB deployed to schools	0	(104,106)	(104,106)
Carry forward to 2015/16	1,501	0	1,501

39 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

	2013/14	2014/15
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Capital Grants and Contributions - Note 11		
Developer Contributions - Finningley and Rossington regeneration route scheme	0	13,600
Department for Education - Targeted Basic Need Programme	39	4,936
Department for Business, Innovation and Skills - Regional Growth Fund (Finningley and Rossington Regeneration Route Scheme)	13,109	4,891
Department for Transport - Local Transport Plan (Maintenance)	3,590	3,478
Department for Education - Local Authority Capital Maintenance	2,986	2,867
Department for Transport - Local Transport Plan (LTP) Central Pot	633	2,189
National Heritage Memorial Fund - Bentley Park	748	1,639
Homes and Communities Agency - Traveller Pitch Funding Programme	0	1,437
Department for Education - New Pupil Places (Basic Need)	1,332	1,332
Homes and Communities Agency - Empty Property	281	1,239
Department of Health - Adults Personal Social Services Capital Grant	812	828
S106 contributions	1,011	674
Department for Education - Devolved Formula Capital	451	662
Department for Transport - Pot hole fund	0	660
Department for Education - Universal free infant school meals	0	603
Department for Transport - Local Sustainable Transport Fund (Waterfront)	1,084	403
Department for Transport - Local Transport Plan (LTP) Additional Maintenance	528	75
Homes and Communities Agency - Decent Homes	7,000	0
Department for Transport - White Rose Way	3,484	0
Department of Communities and Local Government - White Rose Way	1,419	0
Community Energy Saving Programme - Borough Wide Decency	851	0
European Regional Development Fund - Energy Efficiency	784	0
Other Grants and Contributions	1,713	904
Total	41,855	42,417
Non-Ring fenced Government Grants – Note 11		
Revenue Support Grant	100,279	83,450
Business Rates Retention Top Up Grant	25,961	26,466
New Homes Bonus	1,879	2,430
Small Business Rates Relief	1,359	1,517
Troubled Families- Set up Costs	1,128	1,141
Social Fund	1,108	1,091
Council Tax Freeze Grant	1,429	0
Other	2,994	2,877
Total	136,137	118,972
Credited to Services		
Dedicated Schools Grant (DSG)	135,752	125,743
Mandatory Rent Allowance: subsidy	53,213	51,070
Mandatory Rent Rebates: subsidy	43,649	42,778
Public Health Grant	19,648	20,198
Pupil Premium	8,411	11,191
PFI Annuity Grant	3,478	3,478
Education Services Grant	3,902	3,474
Housing and Council Tax Admin Benefit Subsidy	2,649	1,877
Department for Education Improvement Grant	1,516	1,816
Universal Infant Free School Meals Education Funding	0	1,542

	2013/14	2014/15
	£'000	£'000
Department for Education Children's Trust Implementation Grant	157	1,338
Skills Funding Agency Sixth Forms	3,860	1,238
Skills Funding Agency Safeguarded Learning	583	945
Youth Justice Board	886	886
Initial Teacher Training Grant	0	771
PE & Sports Grant	522	755
Special Educational Needs Reform Grant	0	714
Discretionary Housing Payments	522	664
European Regional Development Fund Grant	1,073	644
Department for Transport - Local Sustainable Transport Fund (LSTF)	2,384	594
Other Grants	4,045	2,375
Total	286,250	274,091
Contributions		
Primary Care Trust - Section 256	5,594	12,589
Primary Care Trust Continuing Healthcare Contribution to care packages	6,633	3,741
Rotherham MBC Contribution for Coroners	461	592
Other	2,501	3,885
Total	15,189	20,807

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	
	2013/14	2014/15	2013/14	2014/15
	£'000	£'000	£'000	£'000
Donated Assets Account				
Finningley and Rossington Regeneration Route Scheme - Road Infill	0	6,500	0	0
Total	0	6,500	0	0
Revenue Grants Receipts in Advance				
Reablement Grant	7,630	7,630	0	0
Improvement Grant	826	0	0	0
Other	515	556	0	56
Total	8,971	8,186	0	56
Capital Grants & Contributions Receipts in Advance				
Department for Education - Targeted Basic Need	1,767	1,523	0	0
Department for Transport - Local Transport Plan (LTP) Maintenance	1,094	1,056	0	0
Section 106	135	55	894	865
Department for Transport - Local Transport Plan (LTP) Integrated transport	267	739	0	0
Department for Education - Devolved Formula Capital	600	700	443	165
Department for Transport - Local Transport Plan (LTP) Additional	149	429	0	0
Developer Contributions - Finningley and Rossington Regeneration Route scheme	0	0	5,500	0
Department for Business, Innovation and Skills - Regional Growth Fund (Finningley and Rossington Regeneration Route Scheme)	585	0	0	0
Other Grant & Contribution	287	89	10	0
Total	4,884	4,591	6,847	1,030

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. In this context, related parties include:

- Central Government
- Members
- Officers
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grant information is shown in Note 39.

Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2014/15 is shown in Note 35. Members have not disclosed any material transactions with related parties during 2014/15.

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

Officers

Officers have disclosed material transactions with Doncaster Children's Services Trust. During 2014/15 the Council provided £23.107m, under the terms of service delivery contract.

Other Public Bodies

The Council pays levies towards the services provided by the Sheffield City Region Combined Authority (SCR CA). The amount paid to SCR CA in 2014/15 was £16.966m (£19.372m in 2013/14 to South Yorkshire Integrated Transport Authority).

Entities controlled or significantly influenced by the Council

The Council has interests in one subsidiary and three joint ventures. Details of the relationships with these companies are shown within the Group Accounts.

The Council's subsidiary company is as follows:

- St Leger Homes of Doncaster Limited (SLHD)

The Council's joint venture companies are as follows:

- Digital Region Limited
- Doncaster Racecourse Management Company Limited
- Lakeside Sports Complex LLP

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.

	2013/14	2014/15
	£'000	£'000
Opening Capital Financing Requirement	538,650	533,742
Capital investment		
Property, Plant and Equipment *	72,416	101,531
Donated Property, Plant and Equipment	0	6,500
Heritage Assets **	24	383
Intangible Assets ***	1,535	1,037
Long term loans and advances	282	2,800
Revenue Expenditure Funded from Capital Under Statute	6,597	5,173
Sources of Finance		
Capital receipts	(3,225)	(4,011)
Government grants and other contributions	(37,862)	(46,051)
Major Repairs Reserve	(21,929)	(30,713)
Direct revenue contributions	(10,978)	(10,500)
MRP / loans fund principal	(11,768)	(11,896)
Closing Capital Financing Requirement	533,742	547,995
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	519	59
MRP / loans fund principal	(11,768)	(11,896)
Increase in underlying need to borrowing (unsupported by government financial assistance)	5,880	18,644
Unfinanced expenditure	461	7,446
Increase / (decrease) in Capital Financing Requirement	(4,908)	14,253

* 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 acquired plant, vehicles and equipment under leases accounted for as finance leases under IAS17.

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

	2013/14	2014/15
	£'000	£'000
Vehicles, Plant, Furniture and Equipment	49	0
Total	49	0

There are no outstanding obligations to make payments under these finance lease arrangements as at 31st March 2015.

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	
	2013/14	2014/15
	£'000	£'000
Hire of plant and machinery	1,931	1,341
Land and buildings	1,430	1,418
Total	3,361	2,759

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

	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	2013/14		2014/15	
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	1,298	1,308	1,418	643
Between 1 and 5 years	4,387	900	4,763	235
After 5 years	10,329	0	9,419	0
Total	16,014	2,208	15,600	878

b) Council as lessor**Finance Leases**

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

The gross investment is made up of the following amounts:

	31st March 2014	31st March 2015
	£'000	£'000
Finance lease debtor (net present value of minimum lease payments):		
Current	4	5
Non-Current	4,824	4,819
Finance Income	16,193	15,974
Gross investment in the lease	21,021	20,798

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	
	31st March 2014	31st March 2015	31st March 2014	31st March 2015
	£'000	£'000	£'000	£'000
Not later than one year	223	223	223	223
Later than one year and not later than five years	893	893	893	893
Later than five years	19,905	19,682	19,905	19,682
Total	21,021	20,798	21,021	20,798

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

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

Operating Leases

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

	Land and buildings	
	2013/14	2014/15
	£'000	£'000
Operating leases which expire:		
Within 1 year	1,716	1,578
Between 1 and 5 years	3,847	3,699
After 5 years	28,329	35,661
Total	33,892	40,938

43 Private Finance Initiatives and Similar Contracts

a) Schools PFI

In 2007/08 the Council entered a contract over 25 years with Doncaster School Solutions and committed to making payments estimated at £6.8m per annum on average over the 25 years for the provision of two secondary PFI schools. The variable element of the payments are inflated by RPIX each year. The contractor payments began in December 2008 with actual payments of £6.275m in 2014/15 (£6.199m in 2013/14).

31 st March 2014 £'000		31 st March 2015 £'000
The value of assets held under PFI arrangements and similar contracts		
21,815	Property, Plant & Equipment - other land & buildings NBV b/fwd.	21,180
133	Lifecycle replacement costs	0
(92)	De-recognised component	0
0	Disposal of Asset	(20,568)
(676)	less depreciation	(612)
21,180	Net Book Value c/fwd	0
The value of liabilities resulting from PFI arrangements and similar contracts		
1,670	Current liabilities: Finance lease principal repayment due within one year	1,791
38,061	Long Term Liabilities: Deferred Liabilities (finance lease liability)	36,270
39,731	Total	38,061

The analysis of the amounts due going forward are shown below with the contract due to expire in 2033/34.

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.

Details of payments due to be made under PFI arrangements and similar contracts							
	Sir Thomas Wharton College			Mexborough Science College			Total
	Repayment of finance lease liability	Unitary charge (other)	Total	Repayment of finance lease liability	Unitary charge (other)	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 year	887	2,256	3,143	904	2,301	3,205	6,348
Within 2-5 years	3,404	9,542	12,946	3,472	9,734	13,206	26,152
Within 6-10 years	3,990	13,115	17,105	4,070	13,377	17,447	34,552
Within 11-15 years	5,786	12,468	18,254	5,902	12,717	18,619	36,873
Within 16-20 years	4,775	9,434	14,209	4,871	9,624	14,495	28,704
Total	18,842	46,815	65,657	19,219	47,753	66,972	132,629

Sir Thomas Wharton College transferred to Trust Status with effect from 1st March 2010 and then to be an Academy from 1st February 2013, so the asset is no longer recognised on the Council's Balance Sheet in accordance with the Council's accounting policies. Mexborough Science College has also transferred to be an Academy from 1st January 2015 and the asset is also no longer on the Council's Balance Sheet. The unitary charge will continue to be paid by the Council over the remaining contract period with the liability shown between repayment of the finance lease liability 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 30th March 2012. The planned service commencement date is 1st July 2015, therefore no payments in respect of the Unitary Charge have yet been made. The Council started delivering some of its waste to the Facility late February 2015 as part of the commissioning and testing period which will run until the Facility is deemed to be fully operational at Service Commencement. The commissioning fee paid to the contractor is lower than the Unitary Charge and limited obligations and a reduced performance framework apply.

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

Details of payments due to be made under Waste Management PFI	
	Unitary charge
	£'000
Within 1 year	6,508
Within 2-5 years	36,215
Within 6-10 years	49,096
Within 11-15 years	54,065
Within 16-20 years	61,226
Within 21-25 years	70,000
Within 26-29 years	3,810
Total	280,920

44 Impairment Losses

During 2014/15 the Council recognised an Impairment loss of £1.576m relating to the demolition of Council buildings (£1.022m re Council Dwellings demolished in year and demolition costs of £554k re Council house, Civic Theatre and Scarborough House). There was also an impairment loss of £383k due to work required to secure the building fabric of Cusworth Hall.

45 Capitalisation of Borrowing Costs

The Council did not capitalise any interest charges in 2014/15

46 Termination Benefits

The Council terminated the contracts of a number of employees in 2014/15 incurring liabilities of £1.089m (£1.708m in 2013/14) - 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 2014/15, the Council's contribution to the Department for Children, Schools and Families in respect of teachers' retirement benefits was £5.87m (£6.948m in 2013/14), which represents 14.1% of teachers' pensionable pay (14.1% in 2013/14). In addition a further sum of £3.365m (£3.345m in 2013/14) was paid to former teachers representing the cost of added years and related increases. Amendments to the scheme came into force in 1997/98 under the Pensions Act 1995 making employers responsible for additional costs of the scheme.

NHS Pension Scheme

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

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

In 2014/15, the Council's contribution to Public Health staff in respect of retirement benefits was £0.185m (£0.174m in 2013/14) which represents 14.0% of related pensionable pay.

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 and to disclose them at the time that employees earn their future entitlement

Local Government Pension Scheme

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

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

The Council has given an undertaking to assume responsibility for liabilities relating to the South Yorkshire Pension Fund relating to staff transferred to St Leger Homes of Doncaster Ltd which was formed on 1st October 2005 to provide housing management and other services on behalf of the Council (details of St Leger Homes of Doncaster Ltd retirement benefits are included in the Group Accounts). The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balances via the Movement in Reserves Statement

during

the

year.

Local Government Pension Scheme	2013/14	2014/15
	£'000	£'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising:		
Current service cost	27,010	20,883
Past service costs	520	445
(gains)/loss from settlements	(2,796)	(3,415)
SLHD pre-transfer net pension liability	(4,458)	4,988
Financing and Investment Income and Expenditure		
Net Interest expense	15,599	11,886
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	35,875	34,787
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(33,212)	(74,074)
Actuarial gains and losses arising on changes in demographic assumptions	16,961	0
Actuarial gains and losses arising on changes in financial assumptions	(93,172)	182,204
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(109,423)	108,130
Movement in the Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(9,825)	(6,159)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	26,050	28,628

Pension Assets and Liabilities Recognised in the Balance Sheet

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

Local Government Pension Scheme	2013/14	2014/15
	£'000	£'000
Present value of the defined benefit obligation	(1,140,507)	(1,326,086)
Fair value of plan assets	844,246	937,946
Net Liability arising from defined benefit obligation	(296,261)	(388,140)

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

Local Government Pension Scheme	2013/14	2014/15
	£'000	£'000
Opening fair value of scheme assets	799,086	844,246
Interest Income	31,926	35,771
<i>Remeasurement gain/(loss):</i>		
- The return on plan assets, excluding the amount included in the net interest expense	7,095	74,074
- Other - Admin Expenses & Settlements	(602)	(28,434)
Contribution from employer	26,050	51,038
Contributions from employees into the scheme	7,177	7,010
Benefits paid	(35,941)	(37,308)
Closing balance at 31st March	834,791	946,397
Movement in SLHD plan assets pre-transfer	9,455	(8,451)
Closing balance at 31st March	844,246	937,946

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

Local Government Pension Scheme	2013/14	2014/15
	£'000	£'000
Opening balance at 1 st April	(1,194,945)	(1,140,507)
Current service cost	(27,010)	(20,883)
Interest cost	(47,525)	(47,657)
Contributions from scheme participants	(7,177)	(7,010)
<i>Remeasurement (gains) and losses</i>		
- Actuarial gains/losses arising from changes in demographic assumptions	(16,961)	0
- Actuarial gains/losses arising from changes in financial assumptions	93,172	(182,204)
- Other – Experience (gain)/loss	26,117	0
Past service cost	(57)	0
Losses/(gains) on curtailments	(767)	(948)
Benefits paid	35,941	37,308
Liabilities extinguished on settlement	3,702	32,352
Closing balance at 31st March	(1,135,510)	(1,329,549)
Movement in SLHD scheme liabilities pre-transfer	(4,997)	3,463
Closing balance at 31st March	(1,140,507)	(1,326,086)

In October 2014 the Council made a one-off payment to the Pension Fund of £28.013m to cover future deficit liabilities for the period from 2014/15 to 2016/17. In line with the Council's accounting policies £5.603m has been accounted for in 2014/15 with the remainder (£22.410m) being offset against the pension liability on the balance sheet. Over the next two financial years, the pension reserve (note 25d, £410.550m) and the net pension liability (£388.140m) will be brought into line as the prepayment arrangements are accounted for in 2015/16 and 2016/17.

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets	
	2013/14	2014/15
	£'000	£'000
Cash and cash equivalents	17,121	15,288
Equity Instruments:		
UK quoted	183,514	181,024
Overseas quoted	337,724	377,523
Bonds		
UK Government fixed	0	7,222
UK Government indexed	87,861	112,554
Overseas Government fixed	22,136	23,918
UK other	52,639	48,305
Overseas other	3,385	6,002
Property		
UK Direct	70,727	88,261
Property Funds	12,144	14,069
Alternatives		
Pooled Investment Vehicles	56,995	63,780
Total	844,246	937,946

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been estimated by Mercer Human Resource Consulting Limited, an independent firm of actuaries, estimates for the Council fund being based on the latest full valuation of the scheme as at 1st April 2015

The significant assumptions used by the actuary have been;

Beginning of period		End of period
	Mortality assumptions:	
	Longevity at 65 for current pensioners	
22.9	Men	23.0
25.5	Women	25.6
	Longevity at 65 for future pensioners	
25.2	Men	25.3
28.3	Women	28.4
2.4%	Rate of inflation	2.0%
4.15%	Rate of increase in salaries	3.75%
2.4%	Rate of increase in pensions	2.0%
4.5%	Rate for discounting scheme liabilities	3.3%

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

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	25,688	(25,688)
Rate of inflation (increase or decrease by 0.1%)	25,599	(25,599)
Rate of salaries (increase or decrease by 0.1%)	5,932	(5,932)
Rate of pensions (increase or decrease by 0.1%)	25,599	(25,599)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(25,114)	25,114

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014 (or service after 31st March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates in paying £16.320m expected contributions to the scheme in 2015/16. The estimated weighted average duration of the defined benefit obligation for scheme members is 19 years.

West Yorkshire Superannuation Fund

Payments in 2014/15 totalling £0.058m (£0.074m in 2013/14) 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

St Leger Homes of Doncaster Limited (SLHD)

To demonstrate the going concern status of SLHD the Council has issued a letter of support that guarantees the amount of their pensions' deficit. The actuary has assessed this deficit at £22.477m as at 31st March 2015 and this sum is included within the pension 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.

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 and so a levy was imposed on all scheme creditors, including the Council, who have been paid amounts in respect of scheme liabilities. An initial levy set at 15% by the administrators has been paid in 2013/14 with projected outcomes for a solvent run-off ranging anywhere between 9.5% and 28%. Because of the nature of many of the claims, the fact that trends continue to be adverse and the projections are subject to substantial uncertainty, a provision of £1.546m has been recognised (see Note 23). This contingent liability covers the remaining claims up to 100% (£5.782m).

Sterefibre stockpile

In Partnership with other Councils, Doncaster Council contracted for the treatment and disposal of a proportion of its residual waste. Some of the material produced from the waste has been successfully deployed but since the contractor went into administration in Autumn 2012, the majority of the material remains stockpiled at a site in Doncaster owned by a third party. The administrator has advised that contractually the ownership of the material has now been passed onto the site owner. Doncaster Council served a planning enforcement notice on the site owner to remove the fibre by 30th October 2013 and Planning Committee subsequently agreed to extend the period for compliance to 30th October 2014 for the consideration of various options but the notice has not been complied with and the fibre remains on site. The Council has obtained external legal advice that confirms there is no basis for the 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 still to be verified. 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. The Council is in the process of considering the most appropriate course of further action which will seek to mitigate the level of risk. A forensic assessment of the finances of the related parties has been commissioned to test their ability to pay.

Doncaster Children's Services Trust ('DCST') pension liability

DCST has admitted body status and is a member of South Yorkshire Pension Authority (SYPA). Despite DCST being a legally separate body to the Council, SYPA required the provision of a third party guarantee before it would allow DCST to become an admitted body and the DfE asked that the Council provide that guarantee. The actuary has assessed this deficit at £4.941m as at 31st March 2015. 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 Culture & Leisure Trust ('DCLT') pension liability

The Council provides the third party guarantee for the DCLT pension deficit liability. The actuary has assessed this deficit at £2.458m as at 31st March 2015. 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.

50 Contingent Assets

Claims for Recovery of Tax

The Council is pursuing an outstanding claim against HMRC in respect of the recovery of landfill tax where material was put to certain uses by the landfill operator on site. The claim dates back to October 1996. The quantity and strength of the claim remains under review.

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;
- **Refinancing 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 seeks to minimise potential adverse effects on the resources available to fund services.

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

a) Credit Risk - Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This Council regards it as being a prime objective to ensure the security of the principal sums it invests. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with information provided by various credit rating agencies. The Annual Investment Strategy also considers maximum amounts and time limits for each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current ratings of counterparties but also takes into account credit watches and outlooks from credit rating agencies, Credit Default Swap prices which provide early warning of likely changes in credit ratings and sovereign ratings to select counterparties from only the most creditworthy countries. The full Investment Strategy for 2014-15 was approved by Full Council on 20th February 2014. An analysis of the credit criteria and lending limits at the time the investment was placed is given below for outstanding deposits at 31st March 2015.

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	a-	1	£30m	£20m	£30m	2
A	F1	a	1	£10m	£10m	£30m	3
B	B	b	5	£11m	£4.3m	£4.3m	1

A maturity analysis based on the expectation of repayment of the investments as at 31st March, 2015 is:

	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	£'m	£'m	£'m	£'m	£'m
Deposits with Banks and Building Societies	24.3	20.0	10.0	10.0	64.3

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £64.3m 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 31st March 2015 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%	£0	£0

By October 2014 the Council was one of twelve UK Authorities with claims outstanding against the Landsbanki Winding Up Board. Following a review of the risks the group, through its lawyers, Bevan Brittan, instructed a broker to approach the market on its behalf with a view to selling its priority claims against the insolvent estate. In October 2014 the Council sold its claim at a price of 92.76%. The sale resulted in receiving a substantial cash payment, £1.194m, in the year rather than having to wait until 2018, or possibly beyond, whilst being exposed to the many risks, some of which remained difficult to measure, influence or guard against.

Following a previous distribution of assets the Council is a party to an escrow account held in Iceland. Our share is currently valued at £23666 and is earning interest at 4.17% annually. Until the Central Bank of Iceland agrees to the lifting of currency controls the Council is unable to repatriate these funds. They will therefore remain subject to exchange rate risk. The investment will be revalued annually and adjusted for any changes in exchange rates during the year.

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, £88.823m (Note 19), includes trade debtors (£45.251m). In respect of trade debtors, the Council does not generally allow credit for customers,

however £15.244m of the £45.251m balance is past its due date for repayment. The past due date amount can be analysed by age as follows:

Trade Debtors

2013/14		After due date	2014/15	
Arrears £'000	Provision £'000		Arrears £'000	Provision £'000
3,430	1	Less than 3 months	4,631	1
3,455	1	3 to 6 months	1,708	1
3,000	33	6 months to 1 year	2,443	83
4,711	2,188	More than 1 year	6,462	2,137
14,596	2,223	Total Trade Debtors	15,244	2,222

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 £2.257m (£2.111m in 2013/14), which is equivalent to 1.58 weeks total rent debit (1.53 weeks in 2013/14) or £110.05 per dwelling (£102.51 in 2013/14). 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 25% provision for non-collection the £2.257m is considered to represent fair value for this class of tenant.

Housing Rents

2013/14		After due date	2014/15	
Arrears £'000	Provision £'000		Arrears £'000	Provision £'000
		2014/15	458	436
359	341	2013/14	291	276
272	258	2012/13	0	0
766	735	More than 2 years old	784	761
1,397	1,334	Total Housing Rents	1,533	1,473

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.

The Council ensures it has sufficient funds available on a daily basis that are necessary for the achievement of its service objectives. If excess funds are available following receipt of income/grants, etc. they are placed with counter-parties to gain some income from interest until they are needed.

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

All sums owing from financial assets are due to be paid in less than one year, with the exception of the Councils escrow account 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 st March 2014		Actual 31 st March 2015	
	%	%	%	£'000	%	£'000
UNDER 12 MONTHS	30.00	0	23.95	94,885	19.30	84,281
12 MONTHS AND WITHIN 24 MONTHS	50.00	0	11.08	43,885	10.21	44,586
24 MONTHS AND 5 YEAR	50.00	0	6.36	25,195	12.08	52,747
5 YEARS AND WITHIN 10 YEAR	75.00	0	8.76	34,728	4.85	21,161
10 YEARS AND WITHIN 20 YEARS	95.00	10	5.20	20,594	8.75	38,213
20 YEARS AND WITHIN 30 YEARS			13.36	52,942	10.56	46,093
OVER 30 YEARS			31.29	124,019	34.25	149,502
TOTAL			100.00	396,248	100.00	436,583

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 the majority are at fixed rates of interest. The protection of capital is more important than maximising a return. However in order to ensure an adequate return is achieved compatible with this risk principle, an appropriate benchmark is used to measure the interest earned.

Borrowing – The majority of the debt portfolio is at fixed rates of interest that ensures certainty of borrowing costs. In order to protect the Council against adverse movements in interest rates the policy is to keep the variable interest rate debt to a maximum of 30%. The actual variable element in 2014/15 equated to 6.64%.

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. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

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:

2013/14		2014/15
£'000		£'000
	External Debt	
290	Increase in interest payable on variable rate borrowings	290
194	Share attributable to the HRA	194
	Investments	
(619)	Increase in interest receivable on variable rate investments	(634)

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. The maximum exposure is currently £23,666.

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.

52 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.

	Balance 1 st April 2014	Net Movement	Balance 31 st March 2015
	£'000	£'000	£'000
Children and Young Persons - Money is held on the behalf of clients. Funds can only be used for the benefit of the individual to which they belong	40	(11)	29
Adults - Money is held on the behalf of clients. Funds can only be used for the benefit of the individual to which they belong	8,847	337	9,184
Education Prize Funds - 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.	262	(7)	255
Youth Clubs - Youth clubs monies held by the Council	76	0	76
Museum and Libraries Bequests - Donations to the services, the interest on which is used to purchase exhibits and publications	7	0	7
Conisbrough Miners Welfare - Amounts to be used for the provision of a community centre for the inhabitants of Conisbrough	2	0	2
Parish Investments - Amounts invested on behalf of parish councils	1	0	1
Carcroft Welfare - 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.	21	0	21

53 Deferred Liabilities

These liabilities totalling £46.198m (£49.468m at 31st March 2014) are payable in a period exceeding 12 months and include the following

- a) £9.928m (£11.407m as at 31st March 2014) in respect of debt taken over from the former South Yorkshire County Council which by arrangement are payable over a repayment period ending 31st March 2021 and for which the loan management rests with Rotherham MBC
- b) £36.270m (£38.061m at 31st March 2014) relating to PFI schemes' long term liabilities as disclosed in Note 16 and 43.

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 1st 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.

2013/14		Notes	2014/15	
£'000			£'000	£'000
	Expenditure			
9,445	Repairs and maintenance		10,233	
23,220	Supervision and management		23,499	
997	Rents, rates, taxes and other charges		1,051	
	Depreciation of Property, Plant & Equipment	5		
19,464	On dwellings		20,100	
565	On other assets		554	
(3,281)	Impairment of Property, Plant & Equipment	6	(5,880)	
35	Debt management costs		16	
938	Increased provision for bad or doubtful debts		673	
51,383				50,246
	Income			
(70,362)	Dwelling rents (gross)		(72,935)	
(834)	Non-dwelling rents (gross)		(813)	
(694)	Charges for services and facilities		(860)	
(217)	Contributions towards expenditure		(39)	
(72,107)				(74,647)
(20,724)	Net cost of HRA Services as included in the whole authority Income and Expenditure Account			(24,401)
676	HRA share of Corporate and Democratic Core			712
(20,048)	Net Cost of HRA Services			(23,689)
	HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account			
19,410	(Gain) or Loss on sale of HRA Property, Plant & Equipment			19,390
11,470	Interest payable and similar charges			11,746
(172)	Interest and investment income			(110)
(8,065)	Capital Grants and Contributions			(1,339)
(6)	Other Income			0
2,589	(Surplus) or Deficit for the year on HRA services			5,998

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.

2013/14		Notes	2014/15	
£'000			£'000	£'000
(9,262)	Balances on the HRA at the end of the previous year			(5,929)
2,589	(Surplus) or deficit for the year on the HRA Income and Expenditure statement		5,998	
744	Adjustments between accounting basis and funding basis statute	Note 7	(6,196)	
3,333	Net (increase) or decrease before transfers to or from reserves		(198)	
3,333	(Increase) or decrease in year on the HRA			(198)
(5,929)	Balance on the HRA at the end of the current year			(6,127)

Notes to the Housing Revenue Account

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

31 st March 2014		31 st March 2015
16,698	Houses and bungalows	16,675
2,482	Low-rise flats and maisonettes	2,428
1,415	Medium and high-rise flats	1,405
20,595	Total	20,508

2 Major Repairs Reserve (MRR)

2013/14		2014/15
£'000		£'000
(15,303)	Balance as at 1 st April	(21,187)
(7,784)	Transfer Capital grant to MRR	0
(565)	Transfer Depreciation Non Dwellings to MRR	(554)
(19,464)	Transfer Depreciation Dwellings to MRR	(20,100)
21,929	Financing of capital expenditure	30,713
(21,187)	Balance as at 31st March	(11,128)

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

31 st March 2014		31 st March 2015
£'000		£'000
1,334	Former Tenants Rent Arrears	1,472
2,111	Current Tenants Rent Arrears	2,256
3,445	Total	3,728

The bad debt provision in respect of all uncollectable rent arrears was £2.036m (£1.862m in 2013/14). The aggregate balance sheet provision in respect of all uncollectable debts relating to the Housing Revenue Account was £2.482m (£2.254m in 2013/14).

4 Movement of Property, Plant & Equipment

2013/14 Total		Council Dwellings	Other Operational Land & Buildings	Other Property, Plant & Equipment	2014/15 Total
£'000		£'000	£'000	£'000	£'000
	Cost or Valuation				
527,541	At 1st April 2014	500,243	11,403	12,086	523,732
34,527	Additions	46,095	40	1,956	48,091
(16,586)	Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(16,561)	94	1	(16,466)
(45)	Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	3,221	(51)	0	3,170
(1,699)	De-recognition – disposals	(3,250)	0	0	(3,250)
(20,106)	De-recognition – other	(20,062)	(167)	(443)	(20,672)
0	Assets reclassified (to)/from Held for Sale	0	0	(150)	(150)
100	Reclassifications within PPE	49	345	91	485
523,732	At 31st March 2015	509,735	11,664	13,541	534,940
	Accumulated Depreciation and Impairment				
(23,101)	At 1st April 2014	(20,367)	(960)	(757)	(22,084)
(20,029)	Depreciation charge	(20,100)	(380)	(174)	(20,654)
17,306	Depreciation & Impairment written out to the Revaluation Reserve	16,610	61	0	16,671
4,225	Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	3,756	0	0	3,756
(899)	impairment losses/(reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,022)	0	0	(1,044)
418	De-recognition – disposals	0	0	0	0
0	De-recognition – other	0	14	0	14
0	Assets reclassified (to)/from Held for Sale	0	0	12	12
(3)	Reclassifications within PPE	0	(12)	0	(12)
(22,083)	At 31st March 2015	(21,123)	(1,299)	(919)	(23,341)
501,649	Net Book Value as at 31st March	488,612	10,365	12,622	511,599

5 Vacant possession value of dwellings

The vacant possession value of dwellings within the HRA following annual revaluation as at 1st April 2014 was £1.543 billion. A difference arises between the vacant possession valuation £1.543 billion and the valuation used for balance sheet purposes of £0.478 billion because the latter represents the social housing value of tenanted dwellings. The difference £1.065 billion indicates the economic cost to Government of providing Council Housing at less than open market rents.

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

2013/14 £'000		2014/15 £'000
	Capital expenditure per asset classification:	
33,906	Council Dwellings	46,095
380	Other operational Land and Buildings	40
82	Vehicles Plant and equipment	1,597
159	Infrastructure	359
34,527		48,091
	Sources of funding:	
(226)	Useable Capital Receipts	(29)
(286)	Capital Grants and Contributions	(1,239)
(21,929)	Major Repairs Reserve	(30,713)
(8,425)	Direct revenue financing	(5,934)
(3,661)	Unsupported borrowing	(10,176)
(34,527)		(48,091)

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

2013/14 £'000	Receipts Description	2014/15 £'000
1,799	Houses (Council Dwellings)	4,431
178	Land	224
1,977	Total	4,655

8 Depreciation charged to the HRA

2013/14 £'000		2014/15 £'000
19,464	Council Dwellings	20,100
364	Other Land and Buildings	380
201	Other PPE	174
20,029		20,654

9 Impairment charge to HRA.

2013/14 £'000		2014/15 £'000
5,997	Revaluation Loss on Council Dwellings	5,250
0	Revaluation Loss relating to non-Council Dwelling Assets	74
385	Impairment due to Council Dwelling demolition in year and proposed future	364
514	Consumption of Economic Benefit re Council Dwellings	658
(10,177)	Reversal of previous impairment loss re Council Dwellings	(12,226)
(3,281)		(5,880)

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.

2013/14		Notes	2014/15
£'000			£'000
	Amounts required by statute to be credited to the collection fund		
(100,323)	Council Tax (showing the amount receivable, net of benefits discounts for prompt payments and transitional relief)	1	(104,533)
(91,500)	Non-domestic rates (showing the amount receivable, net of discretionary and mandatory reliefs)	2	(92,362)
0	Contributions towards previous year's Collection Fund deficit - non-domestic rates		(3,116)
(191,823)	Total Income		(200,011)
	Amounts required by statute to be debited to the collection fund		
	Precepts and demands from major preceptors and the authority – Council Tax	3	
79,849	- Doncaster Council		85,215
10,115	- South Yorkshire Police Authority		10,793
4,526	- South Yorkshire Fire and Rescue Authority		4,830
	Shares of non-domestic rating income to major preceptors and the (billing) authority – non domestic rates		
42,135	- Doncaster Council		44,271
860	- South Yorkshire Fire and Rescue Authority		903
42,995	Payment with respect to central share (including allowable deductions) of the non-domestic rating income to be paid to central government by billing authorities		45,174
358	Transitional protection payments non-domestic rates		757
	Impairment of debts/appeals for council tax		
379	- Write-offs of uncollectable amounts		374
857	- Allowance for impairment		551
	Impairment of debts/appeals for non-domestic rates		
1,681	- Write-offs of uncollectable amounts		1,151
6,430	- Allowance for impairment		3,641
368	Charge to General fund for allowable collection costs for non-domestic rates		370
354	Contributions towards previous years Collection Fund surplus – Council Tax		2,968
190,907	Total Expenditure		200,998

2013/14		Notes	2014/15
£'000			£'000
	Opening fund balance		
(2,116)	- Council Tax		(6,359)
0	- Non Domestic Rates		3,326
	Closing fund balance		
(6,359)	- Council Tax		(6,160)
3,326	- Non-domestic rates		4,114
	Movement on fund balance		
(4,243)	- Council Tax		199
3,326	- Non-domestic rates		788
	Accumulated (surplus)/deficit of the collection fund (Council Tax) is attributable to the following:		
(5,364)	- Doncaster Council		(5,197)
(686)	- South Yorkshire Police Authority		(664)
(309)	- South Yorkshire Fire and Rescue Authority		(299)
(6,359)			(6,160)
	Accumulated (surplus)/deficit of the collection fund (non-domestic rates) is attributable to the following:		
1,630	- Doncaster Council		2,016
1,663	- Central Government		2,057
33	- South Yorkshire Fire and Rescue Authority		41
3,326			4,114

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 1st 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 Local Tax Support, Exemptions, Discounts & Other Changes	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwelling	Council Tax 2014/15 (Excluding Parishes) £
A	79,054	(28,384)	50,670	6/9	33,780	£889.04
B	23,410	(3,772)	19,638	7/9	15,274	£1,037.21
C	14,200	(1,778)	12,422	8/9	11,042	£1,185.38
D	8,588	(691)	7,897	1	7,897	£1,333.56
E	4,144	(301)	3,843	11/9	4,697	£1,629.91
F	1,781	(98)	1,683	13/9	2,431	£1,926.26
G	809	(15)	794	15/9	1,323	£2,222.60
H	121	(61)	60	18/9	120	£2,667.12
Total	132,107	(35,100)	97,007		76,564	
Less allowance for non-collection					(2,297)	
Tax base for the calculation of Council Tax					74,267	

Reconciliation of Council Tax income to the tax base

2013/14		2014/15
73,777	No of band D properties	76,564
£1,308.04	Band D rate	£1,333.56
£1,675,884	Parish Precepts	£1,799,109
£'000		£'000
(98,179)	Estimated Income	(103,902)
(2,144)	In year changes	(631)
(100,323)	Income	(104,533)

The in year changes in 2014/15 are due to an increase in the number of band D properties to 74,633, compared with 74,267 used in the calculation of the budget. This is mainly attributable to 180 fewer Local Council Tax Scheme discounts being awarded and growth of 186 dwellings.

2 NNDR

Under statutory arrangements, NNDR are collected locally on the basis of a nationally determined rate in the pound charged on the rateable value of the property. The multiplier is set nationally by Central Government and local rateable values are provided by the Valuation Office Agency (VOA). In 2014/15 the Standard Rate was 48.2p (47.1p in 2013/14) and the Small Business Rate was 47.1p (46.2p in 2013/14).

Since 1st April 2013 and the introduction of the Local Government Finance Act 2012, business rates are shared between central and local government. 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority)

and 50% is passed to central government. The local retention of business rates model calculates the difference between each council's individual business rate baseline and their calculated baseline funding level and either a top up or a tariff will be paid to councils from central government. The emphasis of these reforms is to move local government funding away from a needs based system to one based on business rates. Central government have made it clear there will be no updating of needs in this new system until at least 2020. Doncaster Council received top-up funding of £26.466m, which represents the difference between our individual business rate baseline funding level of £41.546m and the calculated baseline level of £68.012m.

The Business Rates collectable after reliefs and provisions was £92.4m in 2014/15 (£91.5m in 2013/14) and was based on a rateable value for the Council's area of £229,111,327 as at 28th March 2015 (£227,509,056 as at 31st March 2014). Full revaluations are carried out every five years and the next revaluation was due in April 2015, however central government announced in October 2012 the decision to postpone the next business rates revaluation until 2017.

3 Precepts and Demands

Expenditure requirements financed by the Collection Fund:

	Net Budget Requirement	Band D Equivalent Dwellings	Band D Council Tax
	£'000		£
Doncaster Council Demand *	83,416	74,267	1,123.19
S Y Police Authority	10,793	74,267	145.33
S Y Fire and Rescue Authority	4,830	74,267	65.04
Total	99,039		1,333.56
* Excludes Parish Precepts of £1,799k			

Group Accounts

Group Comprehensive Income and Expenditure Account						
2013/14				2014/15		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
7,959	(5,151)	2,808	Central services to the public	9,601	(5,597)	4,004
19,765	(3,147)	16,618	Cultural and related services	19,352	(3,210)	16,142
31,768	(2,464)	29,304	Environmental and Regulatory	31,419	(4,510)	26,909
11,594	(5,207)	6,387	Planning services	10,092	(5,191)	4,901
236,249	(171,519)	64,730	Children's and education services	222,725	(162,746)	59,979
39,639	(3,670)	35,969	Highways and transport services	36,180	(2,548)	33,632
51,383	(72,107)	(20,724)	Local authority housing (HRA)	50,246	(74,647)	(24,401)
114,499	(100,822)	13,677	Other housing services	112,548	(111,450)	1,098
112,141	(33,911)	78,230	Adult social care	116,988	(40,065)	76,923
17,105	(18,780)	(1,675)	Public Health	16,593	(17,046)	(453)
			Exceptional Items			
5,267	0	5,267	- Redundancies	1,011	0	1,011
11,880	(6,392)	5,488	Corporate and democratic core	13,562	(9,278)	4,284
			<i>Non distributed costs</i>			
(4,458)	0	(4,458)	- SLHD pre-transfer net pension liability	4,988	0	4,988
(2,063)	(213)	(2,276)	- past service	3,221	(6,191)	(2,970)
1,302	(114)	1,188	- surplus properties	1,576	(3)	1,573
2,805	(3,328)	(523)	Doncaster Racecourse Management Company	2,805	(3,328)	(523)
5,187	(4,292)	895	Digital Region Limited	51	(4,361)	(4,310)
662,022	(431,117)	230,905	Net Cost of Services	652,958	(450,171)	202,787
		53,428	Other Operating Expenditure			61,250
		26,293	Financing and Investment Income and Expenditure			26,323
		(302,219)	Taxation and non-specific grant income			(291,435)
		8,407	(Surplus) / Deficit for the year			(1,075)

Group Balance Sheet				
Restated 2013/14 (Note d)			2014/15	
£'000	£'000		£'000	£'000
1,271,232		Property, Plant & Equipment	1,310,722	
10,890		Heritage Assets	10,582	
17,312		Investment Properties	17,306	
3,271		Intangible Assets	3,252	
3,851		Long Term Investments	2,796	
5,835		Long Term Debtors	7,873	
	1,312,391	Long term Assets		1,352,531
1,168		Investment in Doncaster Racecourse Management Company Limited	1,507	
(5,191)		Investment in Digital Region Limited	(933)	
	(4,023)	Investment in Associates and Joint Ventures		574
0		Current Intangible Assets	624	
5,196		Short Term Investments	40,073	
237		Assets Held for Sale	0	
1,484		Inventories	1,458	
70,482		Debtors	86,395	
67,047		Cash and cash equivalents	24,322	
	144,446	Current Assets		152,872
(6,760)		Cash & cash equivalents	(24,065)	
(98,215)		Short term borrowing	(87,587)	
(63,543)		Short term creditors	(53,511)	
(9,430)		Provisions	(7,445)	
0		Donated Assets	(6,500)	
(8,971)		Revenue Grants Receipts in Advance	(8,186)	
(4,884)		Capital Grants Receipts in Advance	(4,591)	
	(191,803)	Current Liabilities		(191,885)
(15,042)		Provisions	(13,622)	
(301,363)		Long term borrowing	(352,502)	
(49,468)		Deferred Liabilities	(46,198)	
0		Grants Receipts in Advance (Revenue)	(56)	
(6,847)		Grants Receipts in Advance (Capital)	(1,030)	
(299,269)		Liabilities Related to Defined Benefit Pension Schemes	(401,019)	
	(671,989)	Long Term Liabilities		(814,427)
	589,022	Total Net Assets		499,665
		Financed by:		
		Reserves of Group Entities		
(1,112)		DMBC Share of Doncaster Racecourse Management Company Limited Profit & Loss	(773)	
2,280		DMBC Share of Doncaster Racecourse Management Company Limited Share Premium	2,280	
(5,191)		DMBC Share of Digital Region Limited Profit & Loss	(933)	
	(4,023)			574
	116,351	Usable Reserves		119,429
	476,694	Unusable Reserves		379,662
	589,022	Total Equity		499,665

Group Movement in Reserves Statement 2013/14	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	(Group) Share of Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 st March 2013 brought forward	(11,868)	(37,599)	(9,262)	(9,574)	(15,303)	(16,755)	(100,361)	(380,579)	(480,940)	14,824	(466,116)
Movement in reserves during 2013/14											
Surplus or (deficit) on provision of services	3,454	0	2,589	0	0	0	6,043	0	6,043	2,364	8,407
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(121,164)	(121,164)	(10,157)	(131,321)
Total Comprehensive Expenditure and Income	3,454	0	2,589	0	0	0	6,043	(121,164)	(115,121)	(7,793)	(122,914)
Adjustments between accounting basis & funding basis under regulations	(18,766)	0	744	1,826	(5,884)	41	(22,039)	22,039	0	0	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(15,312)	0	3,333	1,826	(5,884)	41	(15,996)	(99,125)	(115,121)	(7,793)	(122,914)
Transfers to/from Earmarked Reserves	9,717	(10,204)	0	0	0	487	0	0	0	0	0
Other movement in reserves	0	0	0	6	0	0	6	2	8	0	8
(Increase)/Decrease in Year	(5,595)	(10,204)	3,333	1,832	(5,884)	528	(15,990)	(99,123)	(115,113)	(7,793)	(122,906)
Balance at 31 st March 2014 carried forward	(17,463)	(47,803)	(5,929)	(7,742)	(21,187)	(16,227)	(116,351)	(479,702)	(596,053)	7,031	(589,022)

Group Movement in Reserves Statement 2014/15	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	(Group) Share of Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 st March 2014 brought forward	(17,463)	(47,803)	(5,929)	(7,742)	(21,187)	(16,227)	(116,351)	(479,702)	(596,053)	7,031	(589,022)
Movement in reserves during 2014/15											
Surplus or (deficit) on provision of services	2,858	0	5,998	0	0	0	8,856	0	8,856	(9,931)	(1,075)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	75,227	75,227	15,205	90,432
Total Comprehensive Expenditure and Income	2,858	0	5,998	0	0	0	8,856	75,227	84,083	5,274	89,357
Adjustments between accounting basis & funding basis under regulations	(17,151)	0	(6,196)	(2,281)	10,059	3,635	(11,934)	11,934	0	0	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(14,293)	0	(198)	(2,281)	10,059	3,635	(3,078)	87,161	84,083	5,274	89,357
Transfers to/from Earmarked Reserves	11,069	(11,174)	0	0	0	105	0	0	0	0	0
(Increase)/Decrease in Year	(3,224)	(11,174)	(198)	(2,281)	10,059	3,740	(3,078)	87,161	84,083	5,274	89,357
Balance at 31 st March 2015 carried forward	(20,687)	(58,977)	(6,127)	(10,023)	(11,128)	(12,487)	(119,429)	(392,541)	(511,970)	12,305	(499,665)

Group Cash Flow Statement

31st March 2014		31st March 2015
£'000		£'000
(6,043)	Net surplus or (deficit) on the provision of services - DMBC	(8,856)
(5,333)	Net surplus or (deficit) on the provision of services - SLHD	5,334
(11,376)	Net surplus or (deficit) on the provision of services – total *	(3,522)
88,146	Adjustments to net surplus or deficit on the provision of services for non-cash movements	47,840
(44,503)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(50,080)
32,267	Net cash flows from Operating Activities	(5,762)
(5,014)	Investing Activities	(92,991)
5,400	Financing Activities	38,723
32,653	Net increase or decrease in cash and cash equivalents	(60,030)
27,634	Cash and cash equivalents at the beginning of the reporting period	60,287
60,287	Cash and cash equivalents at the end of the reporting period	257

Notes to the Group Accounts**Note a****Details of the Group**

A review undertaken during 2014/15 of the Council's related companies has indicated that there are three entities to be included within the Council's Group Accounts.

- **Subsidiaries**

St. Leger Homes of Doncaster Limited are accounted for as subsidiary undertakings under IFRS 10 'Consolidated Financial Statements'.

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

- **Joint Ventures**

The Doncaster Racecourse Management Company Limited and Digital Region Limited are accounted for as joint ventures under the provisions of IFRS 11 'Joint Arrangements'. The Council recognises its interest in these companies using the equity method of consolidation.

The financial year for The Doncaster Racecourse Management Company Limited ends on 31st December. The latest financial statements are as at 31st December 2013. As no changes have taken place in the period between this date and 31st March 2015 the accounts for The Doncaster Racecourse Management Company Limited for the year ended 31st December 2013 have been used as estimates within the group accounts.

The latest financial statements for Digital Region Limited are as at 30th September 2014. As no changes have taken place in the period between this date and 31st March 2015 which would affect the understanding of the group accounts, the accounts for Digital Region Limited for the period to 30th September 2014 have been incorporated within the group accounts.

The Doncaster Racecourse Management Company Limited

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

Digital Region Limited

The Council has a 6/70th share in the company. The company was set up to manage and procure a high speed broadband network in the South Yorkshire region and to undertake the promotion of the network to the service provider market. Under the original business model achievement of this objective was dependent on the company generating sufficient revenue sales in the early years of operation. Due to a range of factors, the target level of sales was not achieved. As a consequence, the shareholders took a decision in August 2013 to commence an orderly and managed closure of DRL to enable services to be migrated without interruption of business and to enable the company to meet its debts as they fell due. A funding agreement was signed by all shareholders in February 2014 to ensure that sufficient funds would be made available to meet this objective. This has not involved the shareholders having to provide any additional funding to that already committed. In the Council's case this comprises £2m of capital loans as the Council's contribution towards deployment of the network and up to a further £7.580m of support of which £6.280m is covered by a capitalisation direction received from DCLG in 2011/12. The actual amount advanced to date against the £7.580m up to and including 31st March 2015 was £5.340m. During the year £1.300m of this provision has been released back to revenue leaving a balance in the provision of £0.940m.

In order to achieve a solvent liquidation of the company, the company's balance sheet needs to be restructured. To achieve this aim, the company has agreed with its shareholders that loans will be converted into a new class of 'C' shares. A first tranche of loans was converted on 30th June 2014 and the company is now taking the steps for a second tranche of £12.257m to be converted by 30th June 2015. Thereafter, a liquidator will be appointed to complete the closure of the company. Following the conversion of loans into share capital, the Council's shareholding in the equity of the company will comprise:

10% of the company's 'A' shares (150 shares), 8.57% of the company's 'B' shares (6 shares) and 6.3% (3,870,041 shares) of the new class of 'C' shares. The 'A' shares are non-equity shares which determine voting rights. The 'B' shares confer entitlement to profits and losses. The 'C' shares relate to the capitalisation of outstanding shareholder loans on a pound for pound basis in June 2014.

The table gives an analysis of the Council's share of the joint ventures' accounts which have been consolidated for 2014/15

Joint Ventures, proportion of ownership	Digital Region Limited (8.57%)	Doncaster Racecourse Management Company Limited (19.00%)
	£'000's	£'000's
(Profit) / Loss After Tax	(4,258)	(339)
Property, Plant & Equipment	0	6,383
Current Assets	716	607
Liabilities due within 1 year	(1,649)	(5,264)
Liabilities due > 1 year	0	(219)
Total Assets Less Liabilities	(933)	1,507

Note b

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 c**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; and
- 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

Adults, Health and Wellbeing
Learning Opportunities - Children & Young People
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 2014/15 in the explanatory foreword, is as follows:

2014/15 Directorate	Gross spend £'000	Income £'000	Net spend £'000
Adults, Health and Wellbeing	147,690	(66,376)	81,314
Learning Opportunities - Children & Young People (excluding schools budgets)	320,279	(276,550)	43,729
Finance & Corporate Services	124,964	(107,497)	17,467
Regeneration & Environment	128,647	(87,935)	40,712
Council Wide and other	152,829	(263,270)	(110,441)
Total	874,409	(801,628)	72,781

Comparative Figures

2013/14 Directorate	Gross spend £'000	Income £'000	Net spend £'000
Adults and Communities	128,924	(40,781)	88,143
Children & Young People's Services (excluding schools budgets)	340,139	(294,933)	45,206
Finance & Corporate Services	133,668	(112,291)	21,377
Public Health	17,223	(18,780)	(1,557)
Regeneration & Environment	129,709	(85,498)	44,211
Council Wide and other	88,051	(220,791)	(132,740)
Total	837,714	(773,074)	64,640

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. 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.

	2013/14 £'000	2014/15 £'000
Net expenditure in the directorate analysis	64,640	72,781
Additional segments not reported to management in the analysis	5,942	(9,397)
Amounts in the CI&ES not reported to management in the analysis	43,906	39,440
Amounts included in the analysis not included in the CI&ES	116,417	99,963
Cost of Services in Group Comprehensive Income and Expenditure Statement	230,905	202,787

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

2014/15	Net expenditure in directorate analysis £000	Additional segments not reported in the analysis £000	Amounts not included in the analysis but included in the CI&ES £000	Amounts included in the analysis but not included in the CI&ES £000	Net cost of services £000	Amounts reported below the net expenditure of continuing operations in the CI&ES £000	Total (surplus) / deficit for the year £000
Net expenditure	184,756	0	7,692	0	192,448	0	192,448
Trading Services surplus	(3,117)	0	0	3,117	0	(2,858)	(2,858)
Interest and investment income	(599)	0	0	599	0	(709)	(709)
Income from Council Tax	0	0	0	0	0	(85,215)	(85,215)
Government grants and contributions	(118,972)	0	0	118,972	0	(206,220)	(206,220)
Capital grants and contributions applied	0	0	36,864	0	36,864	0	36,864
HRA	0	0	(23,689)	0	(23,689)	0	(23,689)
Investment in subsidiaries, joint ventures and associates	0	(9,397)	0	0	(9,397)	(534)	(9,931)
SLHD pension liability (pre transfer)	0	0	4,988	0	4,988	0	4,988
Pension interest cost and expected return in pension assets	0	0	(10,974)	0	(10,974)	11,886	912
Depreciation, Amortisation and Impairment	0	0	23,739	0	23,739	0	23,739
Interest payments	6,850	0	0	(6,850)	0	18,596	18,596
Precepts and levies	2,114	0	0	(2,114)	0	2,114	2,114
Payments to Government Housing Capital Receipts Pool	1,931	0	0	(1,931)	0	1,931	1,931
Gains / losses on disposal of Fixed Assets	0	0	0	0	0	57,205	57,205
Adjustments involving revenue expenditure funded from capital under statute	0	0	5,173	0	5,173	0	5,173
Adjustments involving other reserves	(118)	0	(4,353)	0	(4,471)	0	(4,471)
Items not included in CI&ES (e.g. MRP)	0	0	0	(11,896)	(11,896)	0	(11,896)
Other	(64)	0	0	66	2	(58)	(56)

Net Expenditure as per analysis	72,781	(9,397)	39,440	99,963	202,787	(203,862)	(1,075)
2013/14	Net expenditure in directorate analysis £000	Additional segments not reported in the analysis £000	Amounts not included in the analysis but included in the CI&ES £000	Amounts included in the analysis but not included in the CI&ES £000	Net cost of services £000	Amounts reported below the net expenditure of continuing operations in the CI&ES £000	Total (surplus) / deficit for the year £000
Net expenditure	195,013	0	24,489	0	219,502	0	219,502
Trading Services surplus	(3,237)	0	0	3,237	0	(3,130)	(3,130)
Interest and investment income	(429)	0	0	429	0	(601)	(601)
Income from Council Tax	0	0	0	0	0	(79,849)	(79,849)
Government grants and contributions	(136,137)	0	0	136,137	0	(222,370)	(222,370)
Capital grants and contributions applied	0	0	27,349	0	27,349	0	27,349
HRA	0	0	(20,048)	0	(20,048)	0	(20,048)
Investment in subsidiaries, joint ventures and associates	0	5,942	0	0	5,942	(3,578)	(2,364)
SLHD pension liability (pre transfer)	0	0	(4,458)	0	(4,458)	0	(4,458)
Pension interest cost and expected return in pension assets	0	0	(1,423)	0	(1,423)	15,599	14,176
Depreciation, Amortisation and Impairment	0	0	23,811	0	23,811	0	23,811
Interest payments	6,380	0	0	(6,380)	0	17,850	17,850
Precepts and levies	1,991	0	0	(1,991)	0	1,991	1,991
Payments to Government Housing Capital Receipts Pool	1,138	0	0	(1,138)	0	1,138	1,138
Gains / losses on disposal of Fixed Assets	0	0	0	0	0	50,299	50,299
Adjustments involving revenue expenditure funded from capital under statute	0	0	2,847	0	2,847	0	2,847
Adjustments involving other reserves	(10)	0	(8,661)	0	(8,671)	0	(8,671)
Items not included in CI&ES (e.g. MRP)	0	0	0	(13,946)	(13,946)	0	(13,946)
Other	(69)	0	0	69	0	153	153
Net Expenditure as per analysis	64,640	5,942	43,906	116,417	230,905	(222,498)	8,407

Note d**Restated 2013/14 Balance Sheet**

The 2013/14 Balance Sheet has been restated to include £7.783m that has been eliminated on consolidation between DMBC creditors and SLHD inventories (capital work-in-progress).

Glossary

Accounting Period

The period of time covered by the accounts is normally a period of twelve months commencing on 1st 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 Concept

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 31st 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, National Non-Domestic Rates and payments to the General Fund

Community Assets

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

Consistency Concept

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 1st April 1991, that is levied on domestic properties

Credit Risk

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

Creditor

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

Debtor

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

Dedicated Schools Grant ('DSG')

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

Defined Benefit Scheme

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

Defined Contribution Scheme

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

Depreciation

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

De-Recognition

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

Donated Assets

Assets that are received or acquired as gifts from other entities

Earmarked Reserve

A sum set aside in a reserve for a specific purpose

Equity

The Council's value of total assets less total liabilities

Events after the Balance Sheet Date

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

Exceptional Items

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

Fair Value

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

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 Council 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 Council's intangible assets comprise computer software licences.

International Financial Reporting Standards ('IFRS')

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

Investments

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

Liability

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

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

Liquid Resources

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

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

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

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

Long-Term Contract

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

Major Repairs Allowance

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

Materiality

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

Minimum Revenue Provision ('MRP')

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

National Non-Domestic Rates

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

Net Book Value ('NBV')

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

Net 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

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

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

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

Retirement Benefits

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

Revaluation Reserve

Records unrealised revaluation gains arising (since 1st April 2007) from holding non-current assets

Revenue Contributions

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

Revenue Expenditure

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

Revenue Support Grant ('RSG')

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

Ring Fencing

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

Service Reporting Code of Practice ('SeRCOP')

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

Useful Life

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DONCASTER METROPOLITAN
BOROUGH COUNCIL**

**To the Chair and Members of the
AUDIT COMMITTEE**

2014/15 ANNUAL GOVERNANCE STATEMENT

EXECUTIVE SUMMARY

1. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging these responsibilities, the Council must ensure that there is good governance and a sound system of internal controls in place, which facilitate the effective exercise of the Council's functions.
2. An annual review of governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS) are statutory requirements by virtue of the Accounts and Audit Regulations (England) 2011. The AGS must demonstrably be a corporate document, corporately owned. The Council's governance arrangements in place during 2014/15 have been reviewed and an AGS has been drafted and is attached to this report.
3. The Accounts and Audit Regulations require proper practice to be followed in the production and approval of the Statement. 'Proper practice' requires the Council Leader (in Doncaster's case, the Mayor) and the Chief Executive to sign the statement to confirm their satisfaction with the governance framework and the procedures for reviewing it, and their acceptance of the significant issues highlighted in the statement, along with actions for tackling the issues raised. This should be done prior to the publication of the Statement of Accounts in September 2015.
4. This report contains key information for those charged with governance responsibilities. The Annual Governance Statement 2014/15 demonstrates how Doncaster Council delivers against the six core principles from the Good Governance Standard for Public Services; sets out the Council's approach to risk management; provides key areas of improvement from 2013/14 that have been completed; identifies new issues for improvement. Appendix A shows an update on key improvement areas identified during 2013/14 that remain an issue in 2014/15. Appendix B provides a list of current strategic risks.

BACKGROUND

5. Governance arrangements at Doncaster council have improved each year since 2010 and are now more robust than ever before. The Corporate Governance Inspection in 2010 found that the Council was not properly run and was failing in

its legal obligation to make arrangements to secure continuous improvement. At that time it did not have the capacity or capability to make the necessary improvements in governance. Since then, running the organisation well has been a constant focus of attention and has been a key factor in our strategic planning. There have been significant improvements in a wide range of areas and this has been acknowledged nationally, for example, in the Local Government Association Peer Review and the letter from the Secretary of State for Local Government which ended corporate intervention.

6. Clearly there has been a transformation in the overall management of the organisation and there are a number of important areas that are worth highlighting in the context of the 2014/15 Annual Governance Statement. They are:
 - Improved quality, accuracy and presentation of the Statement of Accounts
 - Improved risk management processes and practice
 - Better training and development of Elected Members and staff
 - Improved relationships throughout the Council and across the partnership
 - Clearer understanding and buy-in to strategic priorities
 - A transformed equality and inclusion agenda
 - Wider and understanding of key policies and procedures
 - Improved information technology and systems
 - Better procurement
 - Improved HR and payroll processes
 - More efficient and effective performance management
7. The process for creating the Annual Governance Statement itself is also now much more robust and streamlined. It is centrally managed and has much better engagement from directorate staff, building greater confidence into the procedure.
8. Although we are proud of the progress we have made, we are not yet satisfied. Therefore, good governance and value for money is still at the heart of our corporate plan, as we work towards achieving our aim of moving from good to great.

EXEMPT REPORT

9. Not Applicable

RECOMMENDATIONS

10. The Audit Committee members are asked to:
 - a) Note and comment on the report; and
 - b) Note the Annual Governance Statement has been approved by the Directors and the Executive Board. The Mayor and the Chief Executive will be asked to sign the Statement prior to its publication along with the Statement of Accounts in September 2015.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

11. By ensuring that there is good governance and a sound system of internal controls in place the Council will be able to provide the citizens of Doncaster with services that are provided in accordance with the law and proper standards. It will also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively

OPTIONS CONSIDERED

11. Not Applicable

REASONS FOR RECOMMENDED OPTION

12. Not Applicable

IMPACT ON THE COUNCIL'S KEY PRIORITIES

- 12.

Priority	Implications
We will support a strong economy where businesses can locate, grow and employ local people.	
We will help people to live safe, healthy, active and independent lives.	
We will make Doncaster a better place to live, with cleaner, more sustainable communities.	
We will support all families to thrive.	
We will deliver modern value for money services.	
We will provide strong leadership and governance, working in partnership.	The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place.

RISKS AND ASSUMPTIONS

13. The production of an Annual Governance Statement is a statutory requirement. The key risk is that failure to produce a statement to meet this requirement would result in an adverse audit report by the Council's external auditor and damage the Council's reputation. The original risk profile is 16 but by producing the Annual Governance Statement and addressing key corporate issues the risk profile is reduced to 8.

LEGAL IMPLICATIONS

14. The production and publication of an Annual Governance Statement is a statutory

requirement.

FINANCIAL IMPLICATIONS

15. There are no direct financial implications resulting from this report

HUMAN RESOURCES IMPLICATIONS

16. There are no direct human resources implications resulting from this report

TECHNOLOGY IMPLICATIONS

17. There are no direct technology implications resulting from this report.

EQUALITY IMPLICATIONS

18. The Council has a legal obligation under the Public Sector Equality Duty to consider how different people will be affected by their activity and service. Equalities and Due Regard issues will be considered as part of the individual policies and procedures that are contained within the Annual Governance Statement and as a result a Due Regard statement has not been completed for this process.

CONSULTATION

19.

This report has significant implications in terms of the following:

Procurement		Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

20. Director returns on internal controls and previous year actions
Corporate Governance Inspection

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Director of Finance and Corporate Services

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Doncaster
Metropolitan Borough Council

Annual Governance Statement 2014/15

What is Corporate Governance?

Doncaster Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for.

“Good governance is the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions, and lead and control their functions, to achieve their objectives.”

Corporate Governance – Improvement and Trust in local Public Service (Audit Commission 2003)

Governance Framework

The Council’s Governance Framework aims to ensure that in conducting its business it:

- ✓ Operates in a lawful, open, inclusive and honest manner
- ✓ Makes sure public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- ✓ Has effective arrangements for the management of risk

- ✓ Secures continuous improvements in the way that it operates

The Governance Framework comprises the systems and processes, culture and values by which the Council is directed and controlled. The framework brings together an underlying set of legislation requirements, good practise principles and management processes. In addition it enables the Council to monitor the achievements of the Priorities and Outcomes as set out in the Corporate Plan.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Doncaster Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority’s code is on our website at www.doncaster.gov.uk.

This statement explains how Doncaster Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an Annual Governance Statement.

About this Statement

The Annual Governance Statement review was conducted by the Corporate Policy and Performance Team. Part of the process included representatives from each directorate collating, reviewing and evidencing compliance and identifying significant governance issues. Issues identified by Internal an External Audit were also considered for inclusion in this statement.

The draft statement was presented to, the Governance Group on 25th June, Directors on 29th June and to Audit Committee on 16th July, following which this statement was formally approved.



The Principles

The table below demonstrated how Doncaster Council delivers against the six core principles from the Good Governance Standard for Public Services

<p>Principle 1</p>	<p>Principle 2</p>	<p>Principle 3</p>
<p>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.</p>	<p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	<p>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p>
<p>We achieve this by:</p> <ul style="list-style-type: none"> • Publishing our Borough Strategy, Corporate Plan and quarterly performance reports; • Holding annual Partnership summits; • Setting a Medium Term Financial Strategy; • Having a Partnership Charter and Governance Framework; • Benchmarking with other Local Authorities; • Adopting a commissioning approach to service provision; • Regularly updating our Corporate Procurement Strategy; • People Strategy; • Adopting an Outcome Based Accountability approach; and • Improved effectiveness of partnerships. 	<p>We achieve this by:</p> <ul style="list-style-type: none"> • Holding regular Directors and Executive Board meetings; • Holding quarterly finance and performance challenge meetings; • Setting out clear terms of reference for the Councils committees; • Having a constitution that clearly sets out roles and responsibilities; • Regularly updating Cabinet decision records; • Setting out key aspects of the councils internal control measures in our constitution; • Our Team Doncaster approach; • Improved relationships between officers and members; and • Effective use of our Overview and Scrutiny Management Committee. 	<p>We achieve this by:</p> <ul style="list-style-type: none"> • Ensuring our constitution contains guidance on officer and member conduct; • Having an Audit Committee which takes an active interest in the maintenance of standards across the Council; • Having an effective whistleblowing policy • Maintaining an Internal Audit Function • Having an Anti-fraud, bribery and corruption framework; • Team Doncaster Staff Charter; and • Staff Performance Framework.
<p>Principle 4</p>	<p>Principle 5</p>	<p>Principle 6</p>
<p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	<p>Developing the capacity and capability of members and officers to be effective</p>	<p>Engaging with local people and other stakeholders to ensure robust public accountability</p>
<p>We achieve this by:</p> <ul style="list-style-type: none"> • Implementing our Risk Management Framework; • Considering significant risks in all formal decision-making and major projects/programmes; • Publishing our Strategic Risk Register as part of our quarterly challenge process; • Approving our Annual Governance Statement; • Approving our Annual Accounts; • Receiving reports from Internal and External Audit; • Having clear procedures to comply with Freedom of Information requests; • Effective use of equality information; • Using accurate information to base decisions on; and • Promoting a culture of openness and honesty. 	<p>We achieve this by:</p> <ul style="list-style-type: none"> • Providing an intensive 5 day member induction programme; • Providing Personal Development Plans for all staff to ensure they know what work priorities they have and what work is expected of them; • Have a suite of mandatory training for members; • Implementing a comprehensive e-learning package; • Leadership Academy; and • Mandatory training for officers; 	<p>We achieve this by:</p> <ul style="list-style-type: none"> • Having a Community Engagement and consultation strategy • Using the Public consultations element on the Website • Having a Voluntary, Community and Faith sector strategy; • Considering consultations as part of our reporting process, where relevant; • Compliance with the Local Government Transparency Code; and • Publishing equality information on our website. • Using social media to communicate with the public;

Audit Committee

The Council's Audit Committee oversees the production of the Council's statutory accounts, the management of risks within the Council and the operation and effectiveness of the Council's internal control arrangements. Additionally, from 2014/15 the Committee has been given delegated responsibility for ensuring appropriate standards of ethical governance are in place and maintained.

The Committee has a programme of work in place to ensure it fulfils its responsibilities. The Committee has overseen and supported positive progress in a number of areas during the year, including:

- Improved risk management arrangements;
- Fewer significant internal audit issues;
- A continuing positive external audit report on the accounts;
- The achievement of a 'Reasonable Assurance' opinion given by the Information Commissioner on the Council's information governance arrangements;
- The development of a partnerships' governance framework;
- Better commissioning of services and stronger control over contracts;

The Audit Committee produces an Annual Report which is available at www.doncaster.gov.uk

Governance Group

The Council has an officer Governance Group that was established in 2011. It is chaired by the Director of Finance and Corporate Services and includes other key officers with responsibility for promoting good governance across the organisation. The Group has led on the development of governance

arrangements at the Council, including in 2014/15:

- Ensuring the Council complies with best practice guidance issued by CIPFA / SOLACE and any other sector leading advice;
- Refreshing and re-launching a range of corporate policies and procedures;
- Ensuring senior managers confirm compliance with policies and procedures;
- Ensuring recommendations made by Internal Audit, External Audit, the Audit Committee and other key stakeholders about the Council's governance arrangements are fully and effectively actioned;

The Governance Group supports and works closely with the Council's Audit Committee.

Role of Internal and External Audit

The council has both internal and external auditors.

The role of the internal audit is to:

- give independent assurance that internal controls operated by the Council are sound and are effective
- alert managers to areas of potential weakness and to make recommendations for improvements
- give unbiased professional advice on policies, procedures, practices and systems

All councils are subject to ongoing scrutiny by External Audit and their role is to:

- review the accuracy of the council's Financial Accounts, grant claims and performance indicators
- review the adequacy of performance management arrangements including the Best Value Performance Plan
- review aspects of Corporate Governance and the Statement of Internal Control
- assess the financial standing of the authority

Internal Audit and KPMG aim to coordinate their work to get the best value from the resources in use and to this aim work closely together to achieve our objectives.

Our Approach to Risk Management

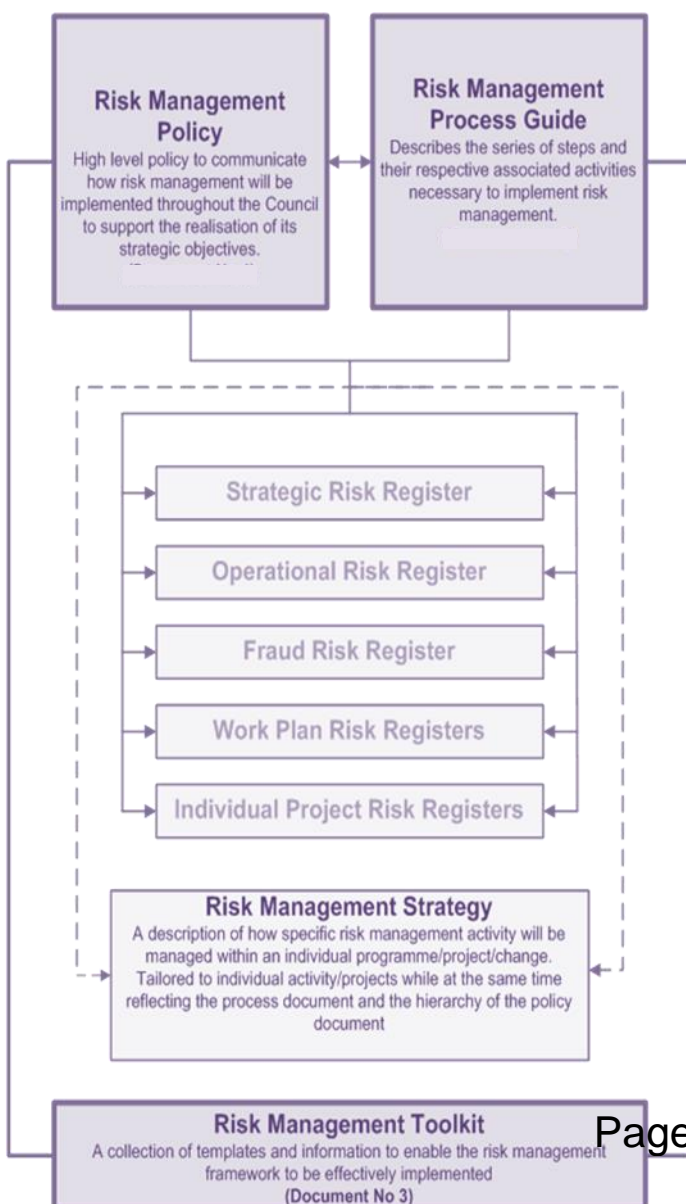
Doncaster Council recognises that risk management is an integral part of good governance and management practice.

Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority. Doncaster Council manages risks via a Risk Management Framework that has been designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way.

Significant risks are identified and reported as part of the quarterly Finance and Performance challenge process. These risks make up the Council’s Strategic Risk Register. Senior Managers review the risks and report on the current position and on controls put in place to mitigate the risk. During 2014/15 the following Strategic risks were identified and reviewed as part of the Risk Management Framework.

The Strategic Risk Register is attached at Appendix B.

Risk Management Framework



Key Areas of Improvement from 2013/14 that have been completed

There are a numbers of areas requiring improvement identified in 2013/14 that have been effectively managed to the extent that they are no longer significant in 2014/15.

These are:

- **Doncaster Children’s Trust Monitoring –** A smooth a timely transfer to the trust was achieved. There are a number of monitoring arrangements in place to provide assurance to the Council of the effective working of the Doncaster Children’s Service Trust. Governance arrangements for all monitoring meetings are being reviewed to clarify terms of reference.
- **Safeguarding Personal Assets –** All actions identified by Internal Audit to strengthen the control systems surrounding the handling of personal assets for vulnerable adults have been completed. The main improvements have been around the storage, identification and tracking of personal assets held and a full reconciliation process for the handling of daily cash needs.

- **Financial Reporting** – In their Annual Governance Report the Council’s external auditors highlighted a weakness in the overall process for the management of the production of the accounts. The latest external audit plan states that there are no significant risks identified for the 2014/15 accounts and all recommendations within the ISA 260 reports received from KPMG have been implemented
- **Management of Temporary Accommodation** – There has been a rigorous review of the use of temporary accommodation and bed and breakfast and this has resulted in a vast reduction in the use of temporary accommodation. This service has now transferred to St Leger Homes.

Significant Governance Issues Identified in 2014/15

Whilst we are satisfied with the effectiveness of corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance the following new issues have been identified for improvement as part of the 2014/15 Annual Governance Statement process:

- **Procure to Pay**
Improve the performance of ordering and payment and fully embed the online processes across the Council. Revisited teams to ensure they are adopting the correct process, as well as communicating with suppliers to ask them to supply order numbers. The Council will also be monitoring and reporting on the payment of invoices, as has set a target of 95% (invoices paid within 30 days) , as part of the Corporate Plan targets.
The Lead Officer for this is the Director of Finance & Corporate Services; the completion date is December 2015
- **Fraud Code of Practice Assessment**

Deliver the improvement actions identified as part of our assessment against the new Code of Practice on Managing the Risk of Fraud and Corruption. A full assessment against the Code of Practice for Managing the Risk of Fraud and Corruption will be undertaken and, where appropriate, an action plan will be created and action taken to address any improvements required. Assessment is due to be complete by September 2015. Implementation of actions to be agreed as identified and will be reported to Audit Committee as appropriate. *The Lead Officer for this is the Director of Finance & Corporate Services; the completion date is September 2015*

- **Doncaster Children’s Trust**
Continue to develop arrangements with Doncaster Children’s Trust to ensure that all responsibilities are properly discharged and to ensure that joint working ensures the best possible impact on children in Doncaster. The Council have an agreed performance framework and monitoring arrangement with Doncaster Children’s Services Trust which ensures that key statutory and contractual obligations are being effectively and safely met. Officers meet regularly to ensure shared service development in the context of the Children & Young People Strategy and the Doncaster Safeguarding Children Board Working Together requirements. For example in relation to developing mutual early help services as part of shared pathway and jointly assessing the delivery of service outcomes in readiness for future Ofsted inspection.
The Lead Officer for this is the Director of Learning & Opportunities: Children & Young People; the completion date is October 2015

- **External Funding**
An issue has arisen relating to European funding of the White Rose Way development scheme. Following an audit a claim has been

made to potentially claw back funding over procurement procedures. Doncaster Council has completed a report which outlines the justification for the European Commission Audit (ECA) to rescind its correction order. The report is currently with Department for Communities and Local Government (DCLG) who will submit it to the European Commission Audit. Procurement procedures are to be reviewed dependant on the outcome of the European Commission Audit. We should hear the response to the report in December 2015.

The Lead Officer for this is the Director of Regeneration & Environment; the completion date is December 2015.

• **Doncaster Market**

Deliver the improvements identified to upgrade the facilities in Doncaster Market and enhance the service offer. Numerous actions have been identified which include the implementation of repairs and maintenance programme; health and safety improvements; the introduction of a cashless system; a full

review of all policies and procedures; improved communications; accessibility to the market; and footfall solution

The Lead Officer for this is the Director of Regeneration & Environment; the completion date is April 2016.

The progress that has been made in dealing with governance issues, that were identified in 2013/14 and are still an issue in 2014/15, can be found in Appendix A. Certain governance issues relating to the Doncaster Children’s Services Trust are indicated with an asterisk (*) in Appendix A and the Doncaster Children’s Services Trust has been notified. Details of the completed issues have been highlighted on the previous page.

Statement of Commitment

We have been advised of the implications of the result of the 2014/15 review of the effectiveness of the governance and internal control framework by the Audit Committee and of the plans to address identified weaknesses and ensure continuous improvement of the system in place.

We propose over the coming year to take steps to address the above matters to enhance further the Council’s governance and internal control arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and that we will monitor their implementation and operation over the next year and as part of our next annual review of effectiveness.

Signed on behalf of Doncaster Council on xx xxxxx 2015:

Ros Jones
Mayor of Doncaster

Jo Miller
Chief Executive

APPENDIX A

An update on Key Improvement Areas identified during 2013/14 that remain an issue in 2014/15

- **Direct Payments**

An improvement area was identified in the recovery of direct payments and personalised budgets. Progress has been made on the actions agreed in the personal budgets and direct payments audit and 50% of the actions have been implemented. **Work is ongoing on the remaining actions and the Director of Adults, Health & Wellbeing has agreed a completion date of November 2015.**

- **Information Commissioners Office (ICO) Inspection & Recommendation**

The ICO carried out a consensual audit in December 2012 with the outcome of 'limited assurance' against the Council's arrangements for Data Protection compliance. The Council now has a 'reasonable assurance' rating and all of the 34 ICO recommendations are either complete or on-going. The level of data protection breaches has reduced for the Council but breaches are still being reported within Doncaster Children's Trust. Work is on-going to embed data protection awareness and training within the Trust to ensure breaches are reduced. **This activity is on-going and the Director of Finance & Corporate Services will monitor quarterly.**

- **Corporate Procurement and Contract Management**

An improvement area was identified in the procurement and contract management arrangements around the compliance with Contract Procedure Rules. Phase 2 of the Procurement Transformation Plan has been completed. Dates for commissioning and procurement training have been published and proposed changes to Contract Procedure Rules are being presented to Full Council in July 2015. The service plan for 2015/16 will extend and develop the commissioning procurement and contract management activity and process. **The Director of Finance & Corporate Services will have implemented these actions by March 2016.**

- **Data Quality Arrangements**

Internal Audit and the Corporate Performance Team highlighted an opportunity to improve the reliability of information to support performance management. The Data Quality Strategy 2013-15 implementation plan has slipped from its original timescale but work is clear and planned to fulfil the commitments within the Strategy. Officers responsible for submitting a statutory return will complete a data quality self-assessment to produce a comprehensive picture of data quality across the organisation. This will inform the review of the Data Quality Strategy. **The Director of Finance & Corporate Services has agreed a completion date of October 2015.**

- **Income Management**

Internal Audit identified an improvement opportunity regarding compliance with the Council's procedures and associated best practice for monitoring and collecting debt. An Income Management project plan has been produced that aims to maximise all income opportunities, ensure all income due is identified and collected in a cost efficient and timely manner. **The Director of Finance & Corporate Services has agreed this will be established by 2016.**

- **Asset Register**

The Council is reviewing its arrangements for maintaining its asset register to enhance arrangements and better facilitate accounting for assets. The Fixed Asset Register implementation is part of Phase 2 of the Enterprise Resource Planning programme. Early work has commenced on collating the information and drawing up a project plan for infrastructure assets. ***The Director of Finance & Corporate Services will provide an update on the Phase 2 project plan in October 2015.***

- ***Respite Care Overpayments**

A weakness was identified in the processing of respite care payments to respite carers. A full review is taking place to identify and correct these weaknesses. Additional capacity has been identified to oversee a review of commissioning, invoicing and procurement of services. ***The Director of Learning & Opportunities: Children & Young people has agreed a completion date of November 2015.***

- ***Improving Children & Young Peoples Services**

An improvement action was identified to ensure robust performance reporting against outstanding arrangements and the implementation of actions as a result of recommendations emerging from internal and external audit/inspection recommendations. The Improvement Board continues to oversee the associated action plan. Specific areas of work are underway to address areas of concern and are monitored through the Doncaster Children's Services Trust Board. ***This is an ongoing priority for the Director of Learning & Opportunities: Children & Young people.***

- ***Professional Practice**

We continue to experience concerns around the consistency in quality of professional practice, highlighted in services own audits and confirmed by the 2012 Ofsted Inspection, of local authority arrangements for the protection of children. Improvement activity is underway in Doncaster Council and Doncaster Children Services Trust to improve practice and consistency through regular case file auditing, the use of supervision and continuous professional development. ***This is an ongoing priority for the Director of Learning & Opportunities: Children & Young people.***

- ***Children's Services – Foster Care Service**

During 2009/10 overpayments in excess of £225k were identified as being made to foster carers. In February and March 2013 management identified a number of new overpayments amounting to £50k. No substantial overpayments have been made to foster carers following the overpayments reported. Any minor overpayments are immediately resolved through amendment to the following weeks payments. Potential issue due to differing systems for foster care and Special Guardianship Orders payments will be resolved through the integration of all payments into the ContrOCC system and management through the placements service. ***The Director of Learning & Opportunities: Children & Young people has agreed a deadline of July 2015.***

- **Business Continuity**

Business continuity arrangements need to be reviewed across the authority. Business Continuity Plan Review meetings have been held with 42 Heads of Service to date. 120 Doncaster Council priority activities have been identified and individual business continuity plans are being progressed for those activities which have been identified as priority.

The full review of Business Continuity Plan has been completed and embedded across the authority. The Business Continuity Plan action plan is being progressed and the strategic steering group and Resilience and Emergency Planning continue to review Business Continuity Management with heads of services to identify priority activities the actions should be completed by December 2015. ***This is an ongoing priority for the Director of Regeneration & Environment.***

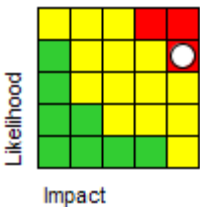
- **Risk Assessment**

A recent incident highlighted a weakness relating to risk assessments on vacant buildings/land and some health and safety practices across the service. This is being addressed by managers attending Health & Safety training and implementing appropriate associated actions to identify and mitigate risk. Measures have now also been put in place to ensure the land transfers between council and contractors is clear and explicit and timely and procedures are in place to prevent a re-occurrence. ***This is an ongoing priority for the Director of Regeneration & Environment.***

APPENDIX B

The Strategic Risk Register as at 31st March 2015, reported in order of risk score, highest to lowest

The impact of the welfare reforms on communities and on Council Services

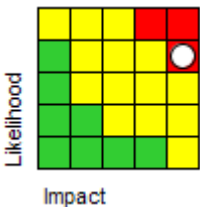


Current position The impacts of welfare reform continue to affect local people and are a risk to the achievement of the Council, and our partnership, objectives. It will be proposed that this strategic risk be replaced by one which considers the effects of poverty, as a whole, and is addressed by the Anti-Poverty Strategy Group.

Mitigating actions The second Anti-Poverty summit in January 2015 identified a series of commitments to address the effects of poverty on local people. The Anti-Poverty Strategy Group will monitor progress and report to the Doncaster Together Strategic Partnership.

Target risk profile Impact currently remains at '5 Critical', Likelihood '4 Likely', giving a score of 20. Mitigating actions are likely to prevent deterioration and maintain the profile score, due to the severity of the risk this currently acceptable.

A failure to identify, or to act on, areas of serious performance weakness in the Doncaster Children's Service Trust or in the Council, which could result in significant harm to a child or children which could have been avoided, or which could lead to an 'inadequate' judgement at Ofsted Inspection, which will negatively impact on the reputation of the local authority.

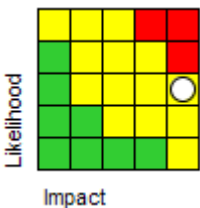


Current position - This Strategic Risk was added during the year following the establishment of the Childrens Trust

Mitigating actions - Ofsted inspection preparation is underway which will include self-assessment; dummy runs; data quality review and performance check and challenge strengthening. From the contract an escalation process is in place to address timeliness of reactions to underperformance.

Target risk profile - target currently remains at 5x4 as Childrens Trust has only been operational for 6 months. Target will be reviewed with the Trust.

Failure to apply agreed safeguarding standards and policies, increasing the risk of vulnerable children experiencing harm or abuse

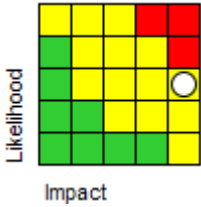


Current position - In view of transfer of responsibilities this risk should be retitled 'Failure to obtain assurance as to the safeguarding and protection of children in the borough'.

Mitigating actions - A new accountability framework has been put in place and is being developed to improve the quality of reporting in order to better facilitate effective check and challenge.

Target risk profile - target currently remains at 5x3 as Childrens Trust has only been operational for 6 months. Target will be reviewed with the Trust.

Failure to respond adequately to borough emergencies or mitigate effectively against the effects of extreme weather conditions e.g. flooding [R&E-ENV].



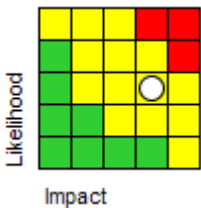
Current Position -This risk has been reviewed and is considered to remain unchanged. Some key activities by Resilience and Emergency Planning include developing flu pandemic response arrangements. This is which is considered to be 'high risk' by Central Government. The plans and arrangements have been rehearsed with partners from across South Yorkshire in April 2014.

Mitigating Actions A recent assessment of DMBC's emergency response capabilities by the Cabinet Office has demonstrated a high level of preparedness and compliance with Government expectations for Civil Contingencies.

The challenges of responding to emergencies and supporting our communities and businesses with reducing staff numbers continues to be addressed with training, exercise and development opportunities delivered to 820 staff and partners since April 2014. 99% have rated these events good or excellent.

Target Risk: Impact 5 Likelihood 3

Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid.

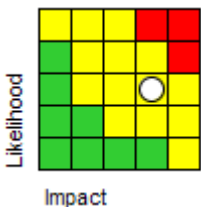


Current Position: Risk score not changed. The Council continues to be at risk of making decisions using data that is not always as robust as it should be. In order to commission properly, make good decisions and ensure vulnerable people are safe, then the quality of data within its systems must be of good quality.

Mitigating Actions: A new Tier 1 Data sharing strategy has been agreed and signed by most partners and is being co-ordinated prior to publication, which demonstrates the willingness of the partnership to have good quality data and share data securely and appropriately. The single data list of returns to central government has been brought together for the first time with relevant ownership across the authority and further self-assessments and audits will follow in May 2015. This approach will allow a picture of data quality across all statutory datasets to be formed and appropriate action taken to address poor data quality arrangements.

Target Profile: Likelihood 2 Impact 4 = Total Score 8.

Failure to comply with the Data Protection Act 1998

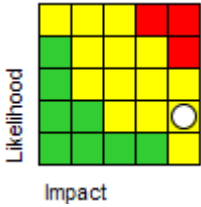


Current Position – Much improved outcome this quarter with no breaches for the council but 3 for the Children's Trust. That said, we cannot be complacent and continual work is progressing as mitigation against future breaches.

Mitigating Actions – Continuing training, awareness and guidance being provided.

Target Risk Profile – Likelihood Unlikely (2) and Impact Major (4) = 8

The agreed standards and policies are not adequately understood and implemented by practitioners who work with vulnerable adults increasing the risk of vulnerable people experiencing harm or abuse

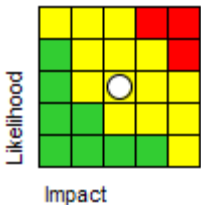


Current Position: Safeguarding Adult Risk Assessment Matrix in place, Case File Audits measuring adherence to the safeguarding process and action plans on-going to address shortfalls.

Mitigating Actions: Review of South Yorkshire procedures in light of Care act on-going. Training continues to be provided to raise awareness and a training needs analysis is underway. Care Act implementation plan in place to identify and direct all work streams.

Target Risk: Impact 5 Likelihood 2

As a result of sickness not being effectively managed, there is a risk that the council target of delivering national average sickness levels by 2015/16 would not be achieved

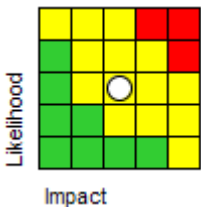


Current Position – 9.75 days per fte

Mitigating Actions – A significant amount of resource and effort has been planned into managing sickness more effectively and this has resulted in this reduction over time. Levels are now far more manageable resulting in this no longer needing to be reported as a strategic risk for the council this financial year.

Target Risk Profile – 9.10 days per fte

DN17 Programme does not deliver the level of savings required and this impacts on the services the council can offer to the public

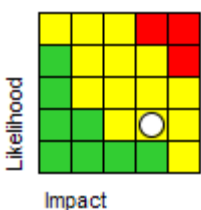


Current Position – For 2014/15 although there has been a delay in some projects, this has been mitigated by other savings throughout the council. For 2015/16 the risk still exists for major projects such as Digital Council and Assets, but rigorous review by Assistant Directors & Directors, is driving improvement and transformation across the council.

Mitigating Actions – Other savings will need to developed if programmes cannot deliver the savings, however where there is slippage in the programme, this can be funded from the Service Transformation fund.

Target Risk Profile – 3 x 3 (total 9) is a reasonable risk for a programme of this size and complexity.

Failure to identify and manage Health and Safety risks



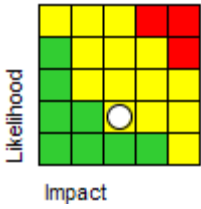
Current Position -This risk has been reviewed and remains unchanged. Health and Safety Training for Managers continues to be rolled out across all Directorates. The new Health and Safety Advisor post for Construction Services has been in post since Oct 2014 and this is working well. In addition a further Health and Safety Training post is being developed as part of a review and restructure of the Regulation and Enforcement Service within Environment. Recruitment to this post is expected to take place in June 2015 (currently subject to staff consultation as part of a wider review of the service area).

Mitigating Actions -A substantial amount of work has also been undertaken in quarters 3 and 4 to identify and mitigate the health and safety risks within the Council's Markets with appropriate action plans now in place. Work is also progressing within the Assets Team

regarding health & safety risks on Council land.

Target Risk: Impact 4 Likelihood 2

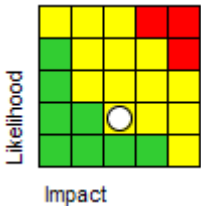
Lack of capacity from house builders to build affordable properties



Current Position - Improvements in the wider economy and housing market have led to a significant increase in activity and supply of affordable housing across the Borough in the past year. Going forward it is possible different pressures arising from more challenging development sites, lack of skilled labour, material supply chain issues and cost increases may reverse recent improvements. Risk level therefore remains in place.

Target Risk: Impact 3 Likelihood 2

Failure to implement the Council's key borough objectives in partnership

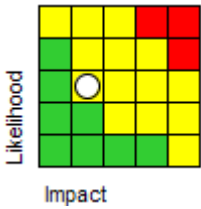


Current Position - The Annual Borough Strategy Stock take held on the 21st November was a huge success with a plethora of partners determining future priorities and the successes over the last 12 month, of particular importance was the launch of the Refreshed Borough Strategy refresh, which determines partner's objectives and strategy for the forthcoming year.

Mitigating Actions - All mitigating actions have been implemented

Target Risk Profile - this risk has been managed from a profile of 16 (at its highest) down to a profile of 6.

Low staff motivation/morale and low performance

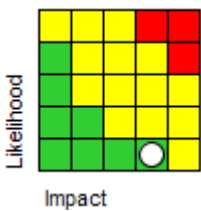


Current Position – Continued downward trend in risk profile

Mitigating Actions – based on the latest staff survey response reaching 51% which is up by 21% from previous year, with encouraging responses given to questions around pride (93% 2174) and enjoying work (88%-2051), although lower response to statement on feeling the council is a better place to work than a year ago (54% 1225). Sickness statistics also impact on morale and performance and are continuing a downward trend; as well as a downward trend in case management, e.g. grievance and disciplinaries. This also needs to be balanced with only achieving a 75% completion as at Quarter 4 for PDRs when target was 95% to be achieved by Quarter 2. So overall, this will remain a risk but at a much lower and manageable level.

Target Risk Profile –aligned to a number of measurable outcomes of Culture Change to achieve moderate and unlikely profile

Failure to achieve the budget target for 2014/15 - 16/17

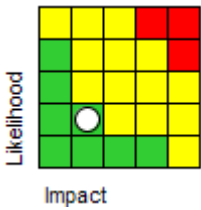


Current Position – The budget savings for 2014/15 have been achieved and the council is due to report a year-end underspend of £3.2m. For 2015/16 the council has a challenging programme of savings to deliver but this is also being robustly managed by programme leads and reviewed by AD's & Directors on a quarterly basis.

Mitigating Actions – Developing other savings or utilising one off funds for any delays in the savings for 2015/16.

Target Risk Profile –Impact 4, likelihood 1 – is as low as we can expect this to go

Failure to set robust assumptions on pensions deficit recovery and future contribution rate



Current position – The council has agreed a 22 year repayment profile for the pension deficit which will be reviewed with the actuary every 3 years. These were agreed and set within the budget for 2014/15 to 2016/17 and confirmed again in the budget in February 2015. The council has also taken advantage of low interest rates to repay the current 3 year contribution, which will save approximately £650k over 3 year. Further options will be examined; the next assessment is not scheduled until 2016.

Mitigating Actions – Working with South Yorkshire Pensions and other LA’s in South Yorkshire to ensure we kept aware of the latest position. We are also looking to retender the services for the Actuary for SYPS

Target Risk Profile 2 x 2 – this risk has been managed down to target.

**To the Chair and Members of the
AUDIT COMMITTEE**

ANNUAL REPORT OF MONITORING OFFICER

EXECUTIVE SUMMARY

1. This paper sets out the Monitoring Officer's (MO's) Annual Report on matters relating to ethical governance, including details of any complaint handling activity carried out in consultation with the Independent Persons in relation to allegations of Member misconduct and details of disclosures made by members of staff under the Council's Whistleblowing Policy during the last 12 months.

RECOMMENDATIONS

2. It is recommended that the Committee:-
 - (i) notes the MO's annual report on complaint handling activity for the period 1st April 2014 to 31st March 2015;
 - (ii) recommends to Full Council that Parish Council representation on the Audit Committee's Hearings Sub-Committee should cease with immediate effect for the reasons outlined in paragraph 7 below;
 - (iii) notes the whistleblowing returns for 2014/15.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

3. Having robust ethical governance policies and procedures in place helps to maintain openness, transparency and probity in the way that the Council conducts its business. This in turn should help increase public confidence in local governance through maintaining high standards of conduct by Members.

BACKGROUND

4. In accordance with adopted practice, this Committee receives a report by the MO on an annual basis, which summarises complaint handling and ethical governance activities during the previous 12 months.

Audit Committee Hearings Sub-Committee

5. As a consequence of the Localism Act 2011, the Council had to adopt a new Member Code of Conduct and put in place new arrangements for dealing with Code complaints against Councillors at both Borough and Parish level. These new arrangements came into effect in July 2012. It was agreed at that time to retain the Council's Standards Committee while the new arrangements were bedded in, but that this would be reviewed in 12 months' time.

6. As the Audit Committee has responsibility for corporate governance that incorporates ethical governance (the focus of the former Standards Committee) it was agreed by the Council at its meeting on 13th June 2014 to disband the Standards Committee and transfer its functions to the Audit Committee. To enable the Audit Committee to have a mechanism in place to deal with complaints against Councillors that cannot be resolved informally, it was also agreed to establish a Hearings Sub-Committee of the Audit Committee. This Sub-Committee currently comprises two co-opted Parish Council representatives (Parish Councillors Norma McCarron and Richard Johnson) and two co-opted Independent (non-Councillor) representatives (David Harle and Monica Clarke).
7. As the terms of office of the Parish Council representatives on the Hearing Sub-Committee are due to end on 20th July 2015, it is necessary to review the composition of the Sub-Committee. The Localism Act 2011 introduced a new process with a much greater emphasis on resolving complaints on a more informal basis (avoiding lengthy and potentially costly formal investigations and subsequent local hearings). As a result, since its establishment in 2012, the Hearings Sub-Committee has never been convened. Furthermore, the need for Parish Council representation in any Hearings process is no longer a statutory requirement.
8. It is therefore recommended that the Parish Council representation on the Audit Committee's Hearings Sub-Committee be discontinued on the understanding that this is no longer a statutory requirement and that the membership of the Hearings Sub-Committee, if it should ever meet, will still include an independent element by way of the existing Independent (non-Councillor) Co-optees who serve on this body.

Complaint Handling Activity – 1st April 2014 to 31st March 2015

9. The Council's main designated Independent Person (IP), Philip Beavers will be in attendance at today's meeting to answer any questions Members may have on his role during the past year in assisting the MO with complaints of alleged Member misconduct. Following the recent notice given to the MO by Ian Daines of his wish to resign as the Council's reserve IP, the MO is currently exploring the option of having a stand-by sharing arrangement in place with the other South Yorkshire authorities to enable Doncaster to call upon the services of one of their IPs in the event that Mr Beavers is unable to assist with a complaint for any reason.

Borough Councillors

10. Over the last 12 months, two formal complaints against Borough Councillors have been received by the MO.
11. The first complaint was made by a member of the public on behalf of six residents expressing concerns in relation to attempts made by the residents to communicate with two of their Ward Councillors in connection with a planning application. In summary, the complainants alleged that:
 - The Ward Councillors had shown a lack of respect and adopted a bullying attitude in the manner of their communications with the residents concerned;
 - The Members in question had used their position to attempt to influence DMBC Officers.

- The Members had failed to attach appropriate weight to all relevant considerations and give any reason for their stance in this matter.
12. Having consulted the Council's IP, Philip Beavers, on the complaint, the MO subsequently wrote to the two Ward Councillors in question, providing them with a copy of the complaint, and notifying them that he had concluded that this was not a matter which warranted referral to the Audit Committee but instead, should be referred for Local Resolution. The Councillors were advised that the MO and IP were both of the opinion that there was nothing within the complaint that justified the assertion of bullying. However, on their reading of the complaint and on the basis of the material put forward, the MO and IP did feel that the Ward Councillors could have engaged with the complainants in a more timely and helpful way. The Councillors were offered the opportunity to make observations on the complaint and respond with any proposals for the resolution of this matter. In their responses to the MO, both Councillors refuted the allegations made against them and did not feel that they had a case to answer or that they should make an apology for the way in which they had dealt with the complainants in this matter. In view of the strength of feeling that exists on this issue, the MO believes it is unlikely that agreement can be reached between the parties.
 13. The second complaint alleged that a Ward Councillor had exceeded her role and become too involved in a private law case with safeguarding implications and, in doing so, had used her position inappropriately, accessed confidential court papers and compromised the impartiality of officers. The MO and IP both concluded that some further enquiries should be undertaken before any decision could be reached regarding future action. Those enquiries were concluded and considered by the MO and IP. The Family Procedure rules do allow a party to family proceedings to take confidential advice and support from a third party as was the case here. On that basis, there could be no case to answer over the Ward Councillor having read court papers that were given to her by a party to those proceedings. The other two aspects of the complaint were also looked at and found to have not constituted a breach. However, the decision was a balanced one and it was appropriate to advise the Councillor concerned of the dangers involved in becoming personally involved in a case of this nature.

Parish Councillors

14. In respect of complaints against Parish Councillors, the MO's attention during the past year has had to focus to a large extent on trying to resolve on-going tensions and conflicts at one specific Parish Council in the Borough. This has stemmed from the MO receiving numerous complaints from Parish Councillors against fellow Parish Councillors and from residents in the parish against certain Parish Councillors over a considerable length of time. In an attempt to resolve matters, the MO and the Council's Independent Person Phil Beavers have met in a private session with the Parish Councillors and Parish Clerk in a mediation capacity and have also attended subsequent meetings of the Parish Council to observe proceedings and monitor the situation.
15. It should be noted that, taken in isolation, the nature of many of the concerns raised in this case would not have been considered sufficiently serious to warrant any specific action or investigation by the MO. However, when considered as a whole, in view of the scale of the problems and given that the apparent breakdown in relationships has been impacting on the Parish Council's ability to function effectively, it was felt necessary for the MO and Independent Person to intervene in

this instance. The MO and Independent Person will be able to provide an update on the latest position with regard to the case in question at the meeting, if the Committee so wishes.

16. One further formal complaint, which was submitted on behalf of 7 residents, was received during the year. This related to a Parish Councillor at a different Parish Council to that described in paragraphs 11 and 12 above. The allegations related to an incident at a public meeting of the Parish Council in November 2014, during discussion on a planning application in the parish, where the complainants had been "...appalled at the attitude and total lack of professionalism shown by the Parish Councillor".
17. Having considered the concerns raised and consulted with the Independent Person, the MO noted as a key issue in this case that following the submission of the complaint, the Parish Councillor in question had subsequently resigned. Whilst the Council's process did not necessarily preclude the acceptance of a complaint which related to a former parish councillor's time in office, the MO was mindful in this instance of the need to have regard to the nature of the complaint, the very limited extent of remedies available in these circumstances, and the best use of Council resources. Having regard to these factors and the subsequent resignation of the Parish Councillor, it was the joint view of the MO and the Independent Person that there was no merit in investigating the complaint or pursuing any of the other options available under the Council's complaint handling procedure.

Whistleblowing Returns for 2014/15

18. In accordance with the Council's Whistleblowing Policy, Directors are responsible for completing an annual return detailing any whistleblowing concerns within their Directorate, which is forwarded to the MO. The MO has overall responsibility for the maintenance and operation of the Policy, which includes keeping a record of all whistleblowing cases and presenting a summary of these to the Audit Committee on an annual basis.
19. The Monitoring Officer has not been notified of any whistleblowing concerns during 2014/15. Whilst this may be a good thing, there is always the concern that the reasons for this may not be positive. For example, it could be the case that not everyone is sufficiently aware of the whistleblowing procedure or, if they are, do not have sufficient confidence in the process or the protection offered by it. Hopefully, that is not the case, but it is necessary to recognise the possibility and mitigate as far as possible. There is a separate report on today's agenda introducing the revised whistleblowing procedure. The revised procedure will be widely publicised and the protection afforded by it emphasised.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

20. Not applicable – this report is primarily for noting.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

- 21.

	Implications
We will provide strong leadership and	The work of the Audit Committee in

governance, working in partnership.	monitoring the Council's ethical governance activities helps to: <ul style="list-style-type: none"> • ensure that Council arrangements are open, accountable and ethically strong; • promote high standards of conduct; • build a 'bond of trust' between the Council and its communities.
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RISKS AND ASSUMPTIONS

22. There are no identified risks associated with this report.

LEGAL IMPLICATIONS

23. Section 27(1) of the Localism Act 2011 places a duty on relevant authorities to promote and maintain high standards of conduct by Members and Co-opted Members of the authority.

24. Section 28 of the Localism Act 2011 requires Principal Authorities to have in place arrangements for investigating allegations of Member misconduct and taking decisions on those allegations. It also requires Councils to appoint at least one Independent Person who is to be consulted as part of the complaint handling process. The Council has in place arrangements for discharging these arrangements.

FINANCIAL IMPLICATIONS

25. There are no specific financial implications arising from this report.

EQUALITY IMPLICATIONS

26. There are no specific equalities implications associated with this report.

BACKGROUND PAPERS

Complaints File (exempt).

Whistleblowing Policy.

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Roger Harvey
Monitoring Officer

To the Chair and Members of the Audit Committee

DONCASTER MARKETS REVIEW

EXECUTIVE SUMMARY

1. Doncaster markets have over 400 shops and stalls and employ an estimated 1,000 people (in both the public and private sectors), with traders travelling from across South Yorkshire to trade on the markets. In 2013/14 the Council's markets (including Doncaster, Rossington and Mexborough) reported a turnover of £1.82m and an overall surplus of £357,000. As such, Doncaster's markets provide a significant income stream to the Council and contribute to the success and prosperity of the Borough.
2. This report summarises the findings of an audit of financial and governance arrangements at Doncaster Markets and elements of Town Centre Management, undertaken by Doncaster Council's Internal Audit Service and the Procurement Service and Health and Safety Team.

RECOMMENDATIONS

3. The Audit Committee is asked to note the outcome of the Audit Review and progress made to address the weaknesses identified.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. Doncaster Markets are at the heart of the Borough's economy. We need to maintain a safe environment for both traders and visitors to the markets. A positive response to the Audit Review means that an improved service will be provided to the citizens of Doncaster.

EXEMPT REPORT

5. **The Appendices to this report is not for publication because it contains information relating to financial and business affairs of both the Council and third parties which is classed as exempt information within Paragraph 3 (Information relating to the financial or business affairs of any particular person, including the Authority holding that information) of Schedule 12A of the Local Government Act 1972, as amended.**

BACKGROUND

6. This report provides the Audit Committee with information on the outcomes from internal audit and management investigations at Doncaster Markets, and allows the Committee to discharge its responsibility for monitoring the Council's exposure to risks. The markets are managed by the Markets and Town Centre Management Team, which transferred into the Trading Services and Assets Department in 2014.
7. The investigations were undertaken after concerns were raised by several market traders about working practices with Markets and Town Centre Management

Team. These concerns were about general administration, the allocation of pitches, procurement and health and safety.

8. On receipt of the concerns, senior managers within the Trading Services and Assets Department commenced their own review of the issues and the way the Markets and Town Centre Management Service was managed. Senior managers also commissioned a financial administration review of the service by Internal Audit and a Health and Safety review of working practices by the Corporate Health and Safety Team to assist them in their assessments.
9. The Internal Audit Review into financial administration identified that:
 - There was no documented stall allocation policy and stall allocation processes were not transparent (although in practice they were found to be fair)
 - Rental collection methods were inappropriate and inefficient in that the service relied almost entirely on cash being collected for market rents by markets staff and recorded on spreadsheets
 - Rental income was not routinely reconciled to the income expected
 - There was an ineffective process for recording and collecting arrears
 - There were weaknesses in control over street café licences, and inadequate recording and accounting for associated income
 - The weaknesses found meant it was impossible to determine whether there were any monies missing and unaccounted for
 - Robust checks were not undertaken on new traders on the indoor market. This included checks to confirm the identity of the trader, their entitlement to work in the UK or whether they held the required specific licences for their individual trade. Outdoor traders were required to provide evidence of their ID, UK residence and public liability insurances but no evidence was required of their right to work in the UK. Any such evidence reviewed was not on the market traders' files
 - There was a failure to comply with the Council's procurement rules relating to spending on consumables and some other products and services.
10. Health and Safety concerns were also highlighted by market traders, senior management within the Trading Services and Assets Department and the Health and Safety Team. These included a need for up-to-date assessments, testing and some risk mitigation works. More details can be found in Appendix 1, **which is not for publication**. A comprehensive action plan was developed for all areas of Doncaster Markets based on revised health and safety risk assessments generated as part of the investigation.
11. A significant amount of work has now been completed by management to implement recommendations made by Internal Audit and Health and Safety, although there remain a number of actions to be completed. The Markets and Town Centre Management Team are working in partnership with Technical Services, Public Building Maintenance, Corporate Health and Safety, Internal Audit and external partners to address the outstanding actions as soon as possible.

Key actions so far have included:

- Health and Safety arrangements have been improved based upon a comprehensive action plan

- Planned preventative maintenance schedules are now in place.
- A Procurement Plan is currently being developed and existing contracts are under review.
- Stall rent arrears and rent collection has been transferred on to the Accounts Receivable system to reduce the risks associated with collecting cash.
- A business process re-engineering exercise, undertaken under the Digital Council Programme, is underway. As part of this, a new markets management system will be procured enabling better monitoring of traders information, performance reporting and regular market tasks.
- A restructure in Markets and Town Centre Management is underway. The proposed structure is anticipated to go out to consultation in July 2015.
- 5 Capital bids have been submitted in order to carryout improvements to the markets including:
 - Refurbishment of the public toilets and wash down areas at Doncaster Market.
 - Refurbishment of the trader toilets at Chappell Drive
 - Electrical upgrades and installation of a new fire alarm system at Mexborough Market.
 - Improvement works to the Wool Market.

12. The Council has invoked disciplinary proceedings against 3 staff and these are in progress.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

13. Not applicable

IMPACT ON THE COUNCIL'S KEY PRIORITIES

Priority	Implications
<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>Doncaster Markets are a significant employer for the borough employing an estimated 1000 people in the public and private sectors. Strengthening arrangements around such activities will contribute to successful and prosperous town centres.</p>
<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>None</p>

<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	None
<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	None
<p>We will deliver modern value for money services.</p>	<p>Whilst Doncaster Markets are producing a surplus and are therefore contributing to the funding of Council priorities, improvements in collection activities and debt management within the markets processes will improve value for money and deliver a better service for traders and customers.</p>
<p>We will provide strong leadership and governance, working in partnership.</p>	<p>The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council.</p>

RISKS & ASSUMPTIONS

14. Failure to address governance and operational weaknesses within Doncaster Markets and Town Centre Management exposes the Council to the following risks:-
- Potential reputational damage to the Council through either fraud, income loss or health and safety breaches
 - Potential damage to relationships with market traders
 - Failing to achieve value for money for Doncaster residents
 - Failure to maximise town centre potential and business opportunities.

LEGAL IMPLICATIONS

15. Failure to implement actions highlighted within the report potentially causes a detrimental impact upon the reputation and business affairs of the Council and third parties. The Council has additional duties under Health & Safety legislation which it must comply with.

FINANCIAL IMPLICATIONS

16. There are no direct financial implications arising from this report; however, by improving procedures in relation to procurement, income collection, etc. it would ultimately be expected to put the Council in a stronger financial position. There may be additional costs in implementing any measures arising but they should also give rise to opportunities to increase income or making savings.

Approval for these measures needs to be considered in the context of the £249k savings targets for Markets and Town Centre Management in 2015/16 & 2016/17, of which £104k has not yet been allocated to a specific activity.

HUMAN RESOURCE IMPLICATIONS

17. Human Resources have supported the review and subsequent investigations that were undertaken in line with the Council's policies.

EQUALITY IMPLICATIONS

18. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. There are no specific equality implications arising from this report.

CONSULTATION

19. Corporate Procurement were involved throughout the review of the Markets and Town Centre Management activities and contributed to those findings surrounding procurement activities.

This report has significant implications in terms of the following:

Procurement	X	Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

20. Doncaster MBC, Internal Audit Report – Markets Financial Administration Review (February 2015)

Progress Report Doncaster Town Centre Management and Doncaster Markets

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DONCASTER MARKETS REVIEW - HEALTH AND SAFETY FINDINGS AND ACTIONS

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Internal Audit Report

Markets - Financial Administration Review,

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