



Doncaster
Metropolitan Borough Council

Statement of Accounts 2009/10

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Contents

Explanatory Foreword	3
An explanatory introduction to the financial statements and a guide to the most significant matters reported in the accounts.	
Statement of Accounting Policies	9
An explanation of the basis on which the accounts are prepared and how they comply with the guidelines issued by the regulatory bodies. Proper appreciation of the accounts requires a clear understanding of the policies that have been followed in dealing with material items.	
Statement of Responsibilities for the Statement of Accounts	22
A brief statement of the council's financial responsibilities and those of the Chief Financial Officer.	
The Core Financial Statements:	
Income and Expenditure Account	23
The statement brings together income and expenditure relating to all of the council's functions and services.	
Statement of Movement on the General Fund Balance	24
This statement identifies those amounts, in addition to the Income and Expenditure Account surplus or deficit for the year, which are required by statute or non-statutory proper practices to be charged or credited to the General Fund.	
Statement of Total Recognised Gains and Losses	26
This statement brings together all the recognised gains and losses of the council and identifies those that have not been shown in the Income and Expenditure Account.	
Balance Sheet	27
The balances held by the council at the end of the year indicating how much is owed to it and how much it owes others.	
Cash Flow Statement	29
This statement summarises the inflows and outflows of cash arising from transactions between the council and third parties.	

Notes to the Core Financial Statements	30
Notes identify the nature and value of various entries within the core statements, often providing additional information to aid the understanding of the accounts.	
Housing Revenue Account	83
The statement reflects a statutory obligation to account separately for the provision of council housing. It shows the major elements of spending and how these are met from rents, subsidy and other income.	
Collection Fund	88
This shows the transactions of the council as a charging authority in relation to the Council Tax, and how this has been distributed between the council's General Fund and other precepting authorities. It also summarises the transactions relating to the collection of business rates on behalf of the national non-domestic rates pool.	
Annual Governance Statement	92
A brief statement on the nature of the controls in place and those areas identified for improvement.	
Group Accounts	110
Doncaster Council accounts incorporating the accounts of St Leger Homes Ltd.	
Glossary	118
An explanation of financial terms used in this statement.	
Audit Opinion	122

Explanatory Foreword

Introduction

The purpose of this foreword is to provide a general guide to the significant financial matters in which the council is involved and to comment on and summarise the council's financial performance for 2009/10. The Statement of Accounts includes all the financial statements and disclosure notes required by statute and a brief financial review for 2009/10. The contents page includes a brief explanation of each statement as a helpful reference. A glossary is provided at the end of the Statement of Accounts to assist the reader.

Revenue Spending in 2009/10

General Fund Services

The General Fund is the account to which the cost for the year of the council's major functions (excluding Housing Revenue Account) are charged. Revenue spending is generally on items that are consumed within a year, and is financed from Council Tax, Government grants and other income. Because the table below represents General Fund activities only, these figures differ from those shown in the statements on pages 23 to 25, since those statements include both General Fund and HRA.

Any expenditure in excess of the income and receipts from Council Tax payers and Government Grant has to be met from the General Fund balance. A summary comparison of the budgeted and final position is:-

	Budget £m	Outturn £m	Variance £m
Net Cost of General Fund Services	274.7	313.2	38.5
Parish Council precepts	1.7	1.7	0
(Surpluses) / deficits on trading undertakings	(0.1)	(0.5)	(0.4)
Interest payable and similar charges	8.4	9.3	0.9
Contribution of housing capital receipts to govt pool	0	0	0
Interest and investment income	(0.2)	(0.8)	(0.6)
Pension interest costs and estimated return on pension assets	0	20.4	20.4
(Gain) / Loss on disposal of fixed assets	0	39.7	39.7
Net operating costs	284.5	383.0	98.5
Receipts from Local Taxpayers and Government Grants	(263.4)	(265.3)	(1.9)
(Surplus)/Deficit on Income and Expenditure Account	21.1	117.7	96.6
Amounts to be excluded when determining movement on General Fund	(29.7)	(159.1)	(129.4)
Amounts to be added when determining movement on General Fund	7.6	40.4	32.8
Other Transfers (to) / from General Fund	1.0	2.7	1.7
Net movement (to) / from General Fund for the year	0	1.7	1.7

The above summary of the Income and Expenditure Account (I&E) and the Statement of Movement on the General Fund identifies a number of variances between the budget and

outturn. These mainly arise because of a number of entries that must be made to the I & E to comply with UK Generally Accepted Accounting Practice (UK GAAP). These entries include those made in respect of the actuarial element of the cost of retirement benefits, depreciation, impairment and transfers from the Government Grants Deferred Account. These are subsequently adjusted out in the Statement on the Movement in the General Fund in order to comply with the statutory requirements governing the calculation of Council Tax. Since these items are unpredictable and have no effect on the 'bottom line' it is not the practice to provide budgets in respect of these items. However, the table above illustrates that the overall reduction in the General Fund balance was £1.7m leading to a balance at 31st March of £5.319m.

There is a balanced revenue outturn position on the General Fund for 2009/10. A net contribution to earmarked reserves of £0.993m was budgeted for but net contributions made to earmarked reserves in 2009/10 actually totalled £2.680m, which was £1.687m over budget leading to the overall reduction in general reserves of £1.687m (expressed as £1.7m in the table on page 3).

Net expenditure by directorates in 2009/10 £313.2m

	£m
Adult Services	66.4
Children & Young People Services	77.7
Communications and Marketing	0
Development	9.6
Neighbourhoods	74.9
People and Performance Improvement	1.6
Resources inc Council-wide Items	83.0
Total (See Note 2 Page 30)	313.2

Where the money came from in 2009/10 £311.5m

	£m
Distribution of Non Domestic Rates	112.8
Council Tax Payers	92.2
Area Based Grant	30.6
Revenue Support Grant	26.0
Other General Grants	1.0
Collection Fund	2.3
Other Financing Adjustments	46.6
Total	311.5

The likelihood of recovery of the £3m deposited with Landsbanki, an Icelandic bank, has been reviewed and the council judge that it is appropriate to make an impairment adjustment for this deposit in the accounts and has assumed recovery of 95% by 2018, however, the recovery is subject to a number of uncertainties and risks. Full details of the circumstances and the actions taken are included in note 19 on pages 50 and 62.

The underlying commitments the council has in the long run to pay retirement benefits is shown in note 22 on pages 62 to 66. The total liability of £348.658m has a substantial impact on the net worth of the council as recorded in the balance sheet. However, current statutory arrangements for funding the deficit mean that the financial position of the council remains healthy insofar as the deficit on the scheme will be made good by increased contributions over the remaining life of employees, as assessed by the actuary.

To support the value of the Keepmoat Community Stadium for the 31 March 2010 balance sheet, the Council commissioned an external firm of valuers to provide expert independent valuation advice. This firm recommended that the Council should change the basis of valuation from Existing Use Value to Market Value. This change effectively recognises the value of the asset to the Council is the future cash flows from the lease with the Stadium Management Company, rather than the Depreciated Replacement Cost of the asset. This change has resulted in the value of the asset being written down (impaired) from £31m to £0.5m in the Council's Balance Sheet, with consequent entries in the I&E Account and Statement of Movement on General Fund Balance to reflect, and then reverse, the loss.

A review of the Statement of Recommended Practice (SORP) has led to changes in the way council's have to account for PFI schemes and the Collection Fund. These changes have necessitated prior period adjustments to restate the 2008/09 comparators to a number of heads within the core statements of these accounts. In addition, in the past the council's accounts have recognised that it has given an undertaking to assume responsibility for liabilities relating to the pension fund relating to staff transferred to St Leger Homes Ltd. and accounted for this liability. However, this year the council has produced Group Accounts, a combination of the council's accounts and those of St Leger Homes Ltd, which recognises this liability and it has, therefore, been removed from the 2008/09 comparators in the council's accounts by means of a prior period adjustment. The adjustments are detailed in note 1 on page 30.

Housing Revenue Account

The council continues to be a major provider of social housing, but works closely with housing associations and other social landlords to provide affordable housing for all tenants in the Borough. From 1st October 2005, maintenance and administration of the council's dwellings was transferred to St. Leger Homes of Doncaster Ltd., an Arms Length Management Organisation, limited by guarantee and wholly owned by the council. The Housing Revenue Account (HRA) is a ring-fenced account for the costs and income of housing people in council-owned accommodation, which ensures that no subsidy can be received from the General Fund. In 2009/10 there was a surplus on the account of £0.130m, the net position comprising a number of items, compared with an original budgeted break even position.

The Housing Revenue Account for 2009/10 is set out on pages 83 to 87.

Capital Spending in 2009/10

Capital spending is broadly defined as that spending which generates assets that have a life beyond the year in which the spending occurs. The council's total capital spending in the year was £96.2m, which was a decrease of £45.3m on the previous year. The main items of capital spending can be found listed in note 10. An analysis of capital expenditure is summarised on page 6:

Capital Expenditure in 2009/10 £96.2 m

	Revised Estimate	Outturn	Variance
Capital Programme	£m	£m	£m
Housing	67.8	66.2	(1.6)
Children and Young People Services	18.9	13.0	(5.9)
Major Projects	7.6	4.8	(2.8)
Transport	10.5	7.4	(3.1)
Corporate	4.9	4.8	(0.1)
Total	109.7	96.2	(13.5)

The reduced spending on capital schemes shown above is due to revisions to the timing of the work being carried out, and therefore the timing of the expenditure. The high level on the Children and Young People Services includes advanced funding for 2010/11 from Department for Children Schools and Families Government department which has not generally been spent by the schools in 2009/10.

Capital Financing is the mechanism used to fund capital expenditure. It is an operation undertaken which ensures that sources of finance, available to the council, are used to best advantage.

Sources of finance include government supported borrowing, prudential borrowing, receipts from the sale of fixed assets, government grants, contributions from sources external to the Council and contributions from revenue budgets and reserves.

As in 2008/09 grants and contributions have continued to provide an important funding source for the capital programme. The council continues to maximise the use and flexibility of such funding.

On 1st April, 2004 a new prudential capital finance system was introduced which enables the council to take out prudential (or unsupported) borrowing that is affordable. The council currently uses this facility to progress the Major Projects Capital Programme.

An analysis of capital financing is summarised below:

Capital Financing in 2009/10 £96.2m

	£m
Grants and Contributions (in respect of expenditure incurred in year)	48.3
Supported Capital Expenditure – Revenue	42.5
Capital Receipts	3.2
Direct Revenue Funding	1.3
Unfinanced carried forward	0.9
Total	96.2

The Council delivers a wide-ranging capital programme including a housing decency programme, school improvements and the development of school ICT facilities, children's play facilities, investment in the Borough's road infrastructure, environmental improvement works and economic regeneration. Initiatives include the continued progression of the Council's major projects such as the Building Schools for the Future, Waste Strategy Projects, Civic and Cultural Quarter and Waterfront.

Financial Outlook

General Fund – Revenue:

In March 2010 the council agreed a Budget and Medium Term Financial Strategy setting out spending and funding plans for the 4 year period 2010/11 to 2013/14. The strategy identified significant cost reductions required over the next 4 years and provided a framework, linked to other council strategies, indicating how this may be achieved. The strategy recognises and identifies the financial risks facing the council and actively seeks to manage and mitigate them. The high level objectives of the strategy are as follows:

- To effectively resource services and policy objectives;
- To secure value for money;
- To refocus the allocation of resources so that cash efficiencies are redistributed to priority policy areas;
- To maintain an adequate level of revenue reserves;
- To maintain Council Tax at an affordable level and keep future Council Tax increases to an absolute minimum;
- To effectively resource the capital programme.

It is recognised that the council will be facing financial uncertainty over this financial planning period as the impact of a large national budget deficit is realised. There will be a 'significantly accelerated' fiscal tightening over the course of the parliament to meet the budget deficit. There will be an emergency budget on 22nd June 2010 followed by a Spending Review in October 2010. It is clear that we are entering a difficult, unprecedented period of financial challenge.

To maintain the delivery of key frontline services whilst tackling competing demands for reduced resources will require sound financial management and planning. There has been continued improvement in the council's approach to financial management during this year and we will continue to build upon this strong platform.

Finally, in common with all other local authorities and other public sector bodies, the key financial challenge ahead will continue to be the maximisation of scarce revenue resources and to focus these on key areas of service delivery. Public finances in the future will be significantly tighter. This, combined with increased efficiency targets, will put greater pressure on the council and place even greater emphasis on value for money in our services. Accordingly the council will be looking critically at major transformation and new ways of working, particularly in the areas of collaborative working and shared services.

The Capital Programme:

In February 2010, the council reviewed and agreed amendments to the 4 year Capital Programme from 2010/11 to 2013/14. It also includes the following key items:

- Decent Homes Programme **£138.7m**;
- Civic and Cultural Quarter (CCQ) **£73.1m**;
- Finningley and Rossington Regeneration Route Scheme (FARRRS) **£74.7m**;
- Housing Regeneration Programmes (Pathfinder / Green Corridor) **£7.7m**;
- Primary Schools Capital Programme (subject to DCSF approval) **£19.2m**;
- Adaptations for the disabled **£8.2m**;

- White Rose Way **£26.9m**;
- Digital Region **£2.0m**.

Resourcing the ambitious capital programme includes government grant funding, government support and external contributions. As noted earlier there will be considerable pressures on this 4 year programme as the planned spending cuts are made.

Housing Revenue Account (HRA):

The council transferred management of its housing portfolio to an Arms Length Management Organisation (St Leger Homes of Doncaster) in October 2005. The key financial challenges in the medium term are centred on delivery of the Decent Homes Programme.

Schools Budgets:

Schools are funded separately to the majority of council services, via the Dedicated Schools Grant. Government settlements for schools have been higher than that of other council services in recent years and Doncaster schools would appear to have a good degree of financial stability. There are a small number of schools in financial difficulties but they do have achievable recovery plans in place. In order to ensure that schools continue on a firm financial footing and use resources to best effect, the council will continue to provide support to schools on financial management in accordance with the Financial Management Standard for Schools.

Continuing work is being undertaken to review the balances held by schools at the year end, to ensure they are justifiable, and this has seen a reduction in the balances held by schools as at 31st March 2010.

Other matters:

The 2009 SORP introduced a number of changes which have been reviewed and where appropriate the council's accounting policies have been updated.

There will be further significant changes in order to comply with International Financial Reporting Standards which will need to be implemented by local government for annual accounts from 2010/11 (with comparatives for 2009/10). This move to these new accounting standards represents a significant challenge for local authorities. The volumes and complexities of the new standards will present a challenge with changes to procedures, people and systems as well as changes to accounting rules and, alongside the financial uncertainty noted above, this will have a considerable impact on the council over the forthcoming year.



Steve Mawson,
Chief Financial Officer
(Section 151 Officer)
18th June 2010

Statement of Accounting Policies

General

The accounts are prepared using the historic cost convention modified by the revaluation of certain categories of tangible assets and follow the recommendations of the Code of Practice on Local Authority Accounting 2009 in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has been approved as a Statement of Recommended Practice (SORP). The SORP specifies the principles and practices of accounting required to prepare a Statement of Accounts which 'presents fairly' the financial position and transactions of a local authority and is based on approved accounting standards, except where these conflict with specific statutory accounting requirements.

In accordance with the SORP, the council has adopted a number of principles in selecting the accounting policies to be used. To help users to understand these policies and how they have been implemented there are corresponding disclosure notes.

Policies are reviewed regularly and are changed when a new policy becomes more appropriate and present fairly the financial position and transactions of the council. They are changed when a new policy becomes more appropriate to the council's circumstances – a full disclosure of any such changes will always be provided.

The concepts that the council has regard to in selecting and applying the most appropriate policies and estimation techniques are:

(i) The qualitative characteristics of financial information

- Relevance
- Reliability
- Comparability
- Comprehensibility
- Materiality

(ii) Common accounting concepts

- Accruals
- Going concern
- Primacy of legislative requirements

Accounting policies can be defined as the rules and practices applied, that specify how the transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves.

The following accounting policies and estimation techniques are consistent with the accounting concepts and, where appropriate, the relevant accounting standards.

Accruals

The council's revenue accounts cover the day-to-day running costs of providing services. They are prepared on an accruals basis in accordance with Financial Reporting Standard 18 (FRS18), which means that adjustments are made for sums receivable or payable where the actual transaction has not been completed at the year-end.

Under accounting regulations, interest payable on borrowings and receivable on investments is accounted for on the basis of the effective rate of interest for the relevant financial instrument, rather than the cash flows fixed or determined by the contract. The accrued interest on loans and investments is added to the carrying value of the loan or investment.

Collection Fund Accounting Policy

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The fund key features relevant to accounting for Council Tax in the core financial statements are:

- In its capacity as a billing authority the council acts as agent; it collects and distributes Council Tax income on behalf of the major preceptors and itself.
- While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors.
- Up to 2008/09 the SORP required that the Council Tax income included in the Income and Expenditure Account was to be that required under regulation i.e. that to be transferred from the Collection Fund to the General Fund of the billing authority.
- From the year commencing 1 April 2009 the Council Tax income included in the Income and Expenditure Account for the year shall be the accrued income for the year. The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the Collection Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.
- Since the collection of Council Tax and NNDR Income is in substance an agency arrangement:
 - a) Cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will be therefore a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of the cash collected from Council Taxpayers; and
 - b) Cash collected from NNDR taxpayers by billing authorities (net of the cost of collection allowance) belongs to the Government and the amount not yet paid to the Government at the Balance Sheet date shall be included in the Balance Sheet as a creditor; similarly, if

cash paid to the Government exceeds the cash collected from NNDR taxpayers (net of the billing authority's cost of collection allowance), the excess shall be included in the Balance Sheet as a debtor.

Contingent Assets

Contingent assets are not recognised in the accounting statements but are disclosed in notes to the financial statements if the inflow of a receipt or economic benefit is probable. Such disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent Liabilities

Contingent liabilities are not recognised in the accounting statements but are disclosed in notes to the financial statements if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability the authority discloses the nature of the contingency, a brief description, an estimate of its financial effect (unless this would be prejudicial to the council's interest) and an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

Corporate Recharges

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 Best Value Accounting Code of Practice 2009 (BVACOP). 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 any depreciation and impairment losses chargeable on non-operational properties.

These are not charged or apportioned to service revenue accounts but are classified separately in the Income and Expenditure account.

Financial Instruments

The SORP 2007 combined with Statutory Instrument 2007 No 573 and Statutory Instrument 2008 No 414 required a number of accounting policies to be set and others revised to meet the requirements of these regulations.

a) Recognition and Initial Measurement

All financial instruments must be classified, reassessed and shown on the Balance Sheet at the adjusted figures. All loans and investments are recognised in the accounts on the

date the money was received or paid. Transaction costs associated with the acquisition of loans and investments are not material and are written off to revenue in the year in which they are incurred. There are no premiums or discounts associated with any of the existing loans.

b) Classification

All financial instruments have been classified as follows:

- Financial Liabilities – recognised at amortised cost.
- Financial Assets – recognised as loans and receivables

c) Accounting for Financial Liabilities

Financial liabilities have been stated on the Balance Sheet at the amortised initial cost of the loan plus accrued interest, there being no requirement to perform a calculation of loan value using the effective interest rate method due to the nature of the loans held.

d) Accounting for Financial Assets

Financial assets have been stated on the balance sheet at amortised cost of the investment plus accrued interest, there being no requirement to perform a calculation of loan value using the effective interest rate method due to the nature of the investments made.

e) Impairment

A continual assessment is undertaken of the borrower's financial standing in the market by, amongst other things, credit reference agencies and general market conditions, to determine the ability of the borrower to make full repayment in accordance with their contractual arrangements.

Where impairment is deemed to be likely, it is, under normal circumstances, charged directly to the revenue account in the year of recognition.

During the financial year 2008-09 a number of Icelandic banks suffered difficulties and were unable to meet their commitments, this resulted in the impairment of one of the council's investments. Regulations issued in March 2009 allowed the authority not to charge amounts relating to impaired investments with Icelandic banks to the General Fund. Such amount is instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund. The council has taken full advantage of the regulations, and has transferred the net impairment to the Financial Instruments Adjustment Account. (See note 21d)

f) Bad debt Provision

During the course of each financial year, provision for non-recoverable debts is made as we become aware of the facts. At the end of each financial year an assessment of each

category of debt is made by reference to past performance, the current economic climate and any other relevant factors in determining additional provisions.

Tangible Fixed Assets

a) Recognition & Valuation

Expenditure on the acquisition, creation or enhancement of fixed assets which adds, and not merely maintains the value of an existing asset is capitalised on an accruals basis in the accounts, provided that the asset yields benefits to the council for a period of more than one year.

Tangible Fixed assets included in the balance sheet at current value are valued in accordance with a five year rolling programme on bases recommended by CIPFA and in accordance with the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors (R.I.C.S.). All assets held requiring revaluation are re-valued by the Council's internal valuers Chris Fairbrother M.R.I.C.S. and Sarah Fish M.R.I.C.S. with the exception of council dwellings, which are valued by the District Valuer.

Increases in valuations are credited to the Revaluation Reserve, with the exception of those arising from the reversal of an impairment loss previously charged to the Income and Expenditure Account.

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

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

Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting. The valuation bases are: -

- Council dwellings, other land and buildings, vehicles, plant and equipment are included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use.
- Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost or net realisable value. In the case of investment properties, this is normally open market value. In the case of assets under construction net current replacement cost, which is normally historical cost until brought into commission.
- Infrastructure assets are included in the balance sheet at historical cost, net of depreciation.
- Community assets are included at nominal value e.g. parks, or historical cost e.g. museum exhibits. It is considered appropriate to value land based assets at nominal value as this facilitates recognition of the nature of the asset and the fact that it is the Council's intention to hold assets in perpetuity.

- Net current replacement cost is assessed as:
 - i) Non-specialised operational properties – existing use value.
 - ii) Specialised operational properties – existing use value or depreciated replacement cost in the absence of an appropriate existing use value.
 - iii) Investment properties and surplus assets – market value.

b) Impairment

The annual impairment review is carried out to determine whether asset values have decreased either due to a decline in the market value, or because of a consumption of economic benefit e.g. physical damage or obsolescence.

Impairment caused by the consumption of economic benefits is considered to be similar to depreciation and is charged fully to the relevant service within the Income and expenditure account. If the asset suffering such impairment has accumulated revaluation gains within the revaluation reserve the amount up to the value of the impairment loss can be released from the revaluation reserve and transferred to the capital adjustment account.

Impairment not caused by the consumption of economic benefits should be written off against any revaluation gains held within the revaluation reserve relating to the asset. Any impairment with no associated gains should be charged to the relevant service within the Income and Expenditure Account.

c) Disposals

Receipts from the disposal of fixed assets are credited to the Usable Capital Receipts Reserve and are used for new capital investment. For the HRA this is split into two elements, reserved and usable. The reserved element is pooled and paid over to the Department for Communities and Local Government (DCLG), under Capital Receipts Pooling Arrangements that were brought in by the Local Government Act 2003.

To account for the gain or loss on disposal the balance sheet value of the asset being disposed of is written out to the Income and Expenditure Account gain/loss on disposal, the Disposal Receipts are credited to the Income and Expenditure Account to give the net gain/loss which is then reversed out of the Income and expenditure account as a reconciling item in the Statement of Movement on the General Fund Balances. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The de-minimis value set for the capitalisation of receipts is £10,000 in accordance with the SORP.

The policy of revaluing fixed assets at the point of disposal has been prohibited by changes introduced by SORP 2008. Therefore, revaluation of fixed assets at the point of disposal is no longer applied.

d) Calculation of Depreciation

This is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- buildings are depreciated on the basis of valuations provided by the council's property valuers. The council depreciates its assets in accordance with the requirements of the SORP. A review of the remaining useful life is included as part of the annual review by Property Services. The table shown below gives an indication of the lives ascribed to the relevant asset category.

Asset Category	Useful Life
Other Land & Building	Dependent upon the asset 30, 40 or 50yrs
Vehicles, Plant & Equipment	3 - 10 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 fixed assets, other than non-depreciable land and non-operational investment properties, the only ground for not charging depreciation is that the charge would be immaterial.

Depreciation is calculated using the straight-line method.

e) Charges to Income and Expenditure Account

General Fund service revenue accounts, support services and trading accounts are charged with depreciation and, where required, any related impairment loss for all fixed assets used in the provision of services. These charges are reversed out in the Statement of Movement on General Fund balance, and therefore have a neutral impact on the amount required from local taxation. All expenditure on repairs and maintenance relating to fixed assets is charged to the appropriate service revenue account.

The gains or losses resulting from revaluations should be charged to the Income and Expenditure Account as follows:

- Credited with any revaluation gains that reverse revaluation losses on the same asset that were charged to the services.
- Debited with revaluation losses associated with an impairment related to a clear consumption of economic benefit.
- Debited with revaluation losses not associated with a clear consumption of economic benefit in excess of the balance on the Revaluation Reserve in respect of that asset.

Grants

These are accrued in the accounts for the year in which the matching expenditure was incurred. Where the acquisition of a depreciating fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited to the Government Grant Deferred Account and written off in the service revenue account over the useful life of the asset to match the depreciation charged on the asset to which it relates. In 2009/10 where the asset is not depreciated the balance of the grant will remain unchanged and not written off in the service revenue account.

The release of Government grant deferred balances will be accelerated in respect of assets which have suffered impairment due to the consumption of economic benefit. Any assets with grant balances which have seen an impairment due to a revaluation loss will only have grant released to offset impairment if the carrying value of asset falls below the amount of the grant held for the asset.

The council acts as accountable body for a number of grant funded schemes. Funding channelled through the council as accountable body is recognised as income and expenditure only where the council exercises control over the grant awarding process. The council is not the decision making body in relation to the Doncaster Central New Deal for Communities grant. This is the responsibility of the NDC Board.

Internal Interest

Interest earned is recorded initially in the Income and Expenditure Account. Subsequently allocations are made to certain other individual funds, based on individual cash flows and an average rate of interest. Internal interest is eliminated on consolidation.

Investments and Interest

Interest on external investments is credited to the Income and Expenditure Account when it falls due. Dividend income from investments is recognised when the council has a right to receive the dividend. Investments are carried in the balance sheet at cost plus accrued interest, less provision (where appropriate) for loss in value. (See note 19a)

Landfill Allowance Trading Scheme

The Waste and Emissions Trading Act 2003 placed a duty on waste disposal authorities (WDAs) to reduce the amount of biodegradable municipal waste (BMW) to landfill. The Landfill Allowance Trading Scheme (LATS) which was introduced on 1st April 2005, is a 'cap and trade' scheme that has been set up to ensure that England meets its targets under the EU Landfill Directive.

These allowances are accounted for as an asset for allowances held, and a liability for actual BMW usage. Allowances are valued at the lower of cost and net realisable value. The liability arising from actual landfill usage will be recognised as a provision falling within the scope of FRS12 Provisions, Contingent Liabilities and Contingent Assets.

Leases

Under the Local Government Act 2003, Local Authorities (Capital Finance & Accounting) (England) Regulations 2003 and the Prudential Code for Capital Financing in Local Authorities leases are divided between operating leases (where the lessor assumes a substantial risk in the future value of the asset at the end of the lease) and finance leases (where substantially all the risks and rewards of ownership, except title to the asset, rest with the Council).

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council.

Rentals payable are apportioned between

- A charge for the acquisition of the interest in the asset (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset - the liability is written down as rent becomes payable); and
- A finance charge (charged direct to the Income & Expenditure Account as rent becomes payable)

Fixed assets recognised under finance leases are accounted for using the policies applied to other fixed assets subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged direct to the relevant service revenue account over the term of the lease.

Liquid Resources

Liquid resources comprise of funds invested with various financial institutions for fixed time periods of up to 365 days. In addition, the difference between the net cash received from the Collection Fund and the major preceptor's share of cash collected from Council Tax debtors by the council in the year shall be included in the Cash Flow Statement under Management of Liquid Resources as a net increase/decrease in other liquid resources. Similarly, the difference between the cash collected from NNDR taxpayers and the amount paid into the NNDR national pool shall be included in the Cash Flow Statement under Management of Liquid Resources as a net increase/decrease in other liquid resources.

Pensions

The council participates in two pension schemes that meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service which are determined independently of scheme investments and employers must contribute to any deficit where assets are insufficient to meet retirement benefits. The schemes are:-

Teachers – This is an unfunded scheme administered by the Department for Children, Schools and Families (D.C.F.S.). The pension cost charged in the accounts is the contribution rate set by the D.C.F.S. on the basis of a notional fund. This rate is affected by scheme surpluses and deficits but the council is unable to identify its scheme assets and liabilities on a reasonable and consistent basis. The scheme is accounted for as a defined contribution scheme as the council's share of the underlying assets and liabilities cannot be identified.

Other Employees - Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Superannuation Scheme, which is a funded scheme administered by the South Yorkshire Pensions Authority (SYPA). The contribution rate is set by the SYPA following actuarial advice and in accordance with government regulations. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis and these are charged to the council as they are incurred.

The attributable assets of the scheme until 2008/09 were measured at their 'fair value' (in effect, their mid-market value) at the balance sheet date. From 2008/09, following a change to the accounting standards, attributable assets of the scheme have been valued at 'realisable values' i.e. bid values. Comparative figures have been supplied for 2007/08 but the accounting adjustments are not considered material and have, therefore, all been carried out in the 2008/09 accounts. The attributable scheme liabilities are measured on an actuarial basis using the projected unit method. The scheme liabilities comprise:

- (i) any benefits promised under the formal terms of the scheme; and
- (ii) any constructive obligations for further benefits where a public statement or past practice by the council has created a valid expectation in the employees that such benefits will be granted.

The surplus/deficit in a scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities. The council recognises the liability in its balance sheet to the extent that it reflects its legal or constructive obligation.

In addition further information is included in note 22 to comply with Financial Reporting Standard (FRS17) on Retirement Benefits.

Pensions Reserve

The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the particular pension schemes or funds in which the council participates. However, accounting for employees' pensions will be in accordance with FRS17 Retirement Benefits, subject to the interpretations set out in the SORP.

Where the pension costs charged to the Income and Expenditure Account are:

- larger than the amount payable for the year in accordance with the scheme requirements the General Fund balance will be credited and the Pensions Reserve debited;
- smaller than the amount payable for the year in accordance with the scheme requirements the General Fund balance will be debited and the Pensions Reserve credited.

The debit or the credit to the General Fund balance will be shown as a reconciling item in the Statement of Movement on the General Fund Balance.

Private Finance Initiative

PFI contracts typically involve a private sector entity constructing or enhancing property used in the provision of a Council service and operating and maintaining that property for a specified period of time. The operator is paid for its services (a unitary charge) over the period of the arrangement by the Council.

The accounting treatment for such arrangements has changed under the 2009 SORP. In previous years the unitary charge payment made by the Council under contract was charged to the Income & Expenditure Account to reflect the value of services received in year. Under the 2009 SORP property used in a PFI and similar contract is to be recognised as an asset of the local authority. Once recognised assets are accounted for in the same way as assets acquired under more traditional arrangements in respect of depreciation, revaluation, impairment etc.

A new liability (a finance lease liability) is also recognised at the value of the related asset and is calculated using the same actuarial method as that used for finance leases under the SORP.

Under SORP 2009 the unitary charge is now separated into three parts; a service element which is charged direct to the Income & Expenditure Account as it is incurred; and a construction element accounted for as if it were a finance lease with a part repayment of the liability and an interest element (using the interest rate implicit in the contract) which is charged to the Income & Expenditure Account.

Provisions

The council sets aside provisions for liabilities or losses that are likely or certain to be incurred, but there is a degree of uncertainty as to the amounts or the dates on which they will arise. Provisions are used only for the purpose for which they were established and are charged to the revenue account. When expenditure is incurred to which a provision relates it is charged direct to that provision. In addition to the provisions shown on page 53 a provision is calculated by estimating the value of existing debtors that may not be paid and need to be written off as bad debts. This provision is deducted from the total debtors shown on page 45.

Repayment of Debt

The council is required to make prudent provision for the repayment of debt, under previous regulations this was deemed to be 4% of the outstanding debt as at 1st April each year. The council considers that this is a prudent provision for all debt that receives government support. Where prudential borrowing is used as a means of financing, the provision will be based on a straight-line basis over the number of years of the asset's life.

The consolidated loans and advances pool charged interest to the HRA during 2009/10 at a rate of 4.49%, calculated in accordance with a statutory formula. The non-HRA rate is set to absorb the remaining interest costs on the balances for which interest is payable.

Repurchase of Borrowing

Gains or losses on the repurchase or early settlement of borrowing are recognised in the Income and Expenditure Account in the periods during which the repurchase or early settlement is made. Where, however, the repurchase of borrowing was coupled with a refinancing of borrowing on the same day with the same lender and with substantially the same overall economic effect when viewed as a whole, gains or losses are recognised over the life of the replacement borrowing for the General Fund and trading services. These gains or losses must be held as part of the carrying cost of the loan. Gains or losses made in years prior to 2007/08 have been included in the Financial Instruments Adjustment Account from where the balances will be charged to the Income and Expenditure Account in accordance with the regulations applicable at the time the repurchase took place. Statutory provisions limit this period to a maximum of ten years in respect of the HRA.

Reserves

These are amounts set aside for purposes that fall outside the definition of provisions. They are created from surpluses on the council's trading accounts and under spending on services. Reserves that are available to meet capital or revenue expenditure can be spent or earmarked at the discretion of the council. Expenditure is not charged direct to any reserve. For each reserve established, the purpose, usage and the basis of transactions are identified in the notes to the core statements.

Revenue Items Funded From Capital Under Statute

The expenditure is charged to the Income and Expenditure Account in accordance with the general provisions of the SORP. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the General Fund balance. This is disclosed as a reconciling item in the Statement of Movement in the General Fund Balance. Grants used to fund the above expenditure are credited to the Income and Expenditure account.

Stocks and Work in Progress

The council maintains several stores; stock is valued at the lower of cost and net realisable value. Work in progress is valued at cost plus any profit attributable to the work depending on the status of the job.

Subsidiary and Associated Companies

The council has financial relationships with a number of companies and details are contained within the disclosure notes on pages 67 to 74. There are a number of criteria

set out by which the council must determine whether the value of the company and the council's interest is significant enough for group accounts to be produced. After consideration of these criteria the council has determined that these subsidiary companies either individually or in aggregate do not meet the criteria that would require consolidation into the council's accounts.

Value Added Tax

VAT is included in the accounts only to the extent that it is irrecoverable.

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

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 SORP').

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority SORP.

The Chief Financial Officer has also:

- kept proper accounting records which were up-to-date;
- 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, 2010.



Steve Mawson
Chief Financial Officer
(Section 151 Officer)
21st June 2010

Income and Expenditure Account

This statement is fundamental to the understanding of the council's activities, in that it reports the net cost for the year of all the functions for which the council is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers. The Income and Expenditure Account discloses the income receivable and the expenditure incurred in operating the council for a year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2008/09 Restated Net Expenditure £'000	Notes	2009/10		Net Expenditure £'000
		Gross Expenditure £'000	Income £'000	
	Central services to the public			
2,108	Local Tax Collection	25,843	(24,193)	1,650
	Registration of Births, Deaths and			
120	Marriages	435	(320)	115
857	Elections	669	0	669
296	Emergency Planning	362	(11)	351
21	Local Land Charges	177	(198)	(21)
508	Court services	885	(414)	471
	Cultural, environmental, regulatory and			
74,948	planning services	123,569	(23,981)	99,588
87,542	Children's and education services	355,123	(266,125)	88,998
31,070	Highways and transport services	43,303	(6,300)	37,003
114,503	Local Authority Housing (HRA)	63,824	(63,509)	315
(2,483)	Other housing services	96,344	(96,105)	239
64,929	Adult social care	107,516	(41,295)	66,221
0	Exceptional items	8,363	0	8,363
7,010	Corporate and democratic core	9,635	(437)	9,198
	Non distributed costs			
1,864	- Past service costs	1,134	(522)	612
13,671	- Surplus Properties	0	0	0
396,964	Net Cost of Services	837,182	(523,410)	313,772
8,951	Loss / (profit) on disposal of fixed assets			39,858
(335)	Other income			(100)
1,569	Parish Council precepts			1,732
	(Surplus) / deficit on Trading			
(897)	Undertakings not in Net Cost of Services	4		(484)
20,243	Interest payable and similar charges			19,917
	Contribution to Housing Capital Receipts			
1,329	Pool			0
(3,476)	Interest and investment income			(828)
	Pensions interest cost and expected			
13,633	return on pensions assets			20,402
437,981	Net Operating Expenditure			394,269
(117,692)	Distribution of Non Domestic Rates			(112,835)
(88,084)	Demanded on the collection fund			(92,198)
	Transfer of collection fund			
(1,533)	(Surplus)/Deficit			(2,256)
(46,338)	General Grants	3		(57,663)
184,334	(Surplus)/Deficit for the Year			129,317

Statement of Movement on the General Fund Balance

This statement identifies those amounts in addition to the Income and Expenditure Account surplus or deficit for the year that are required by statute or non-statutory proper practices to be charged or credited to the General Fund.

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the council is required to raise Council Tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than Council Tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The Statement of General Fund Balance compares the council's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

2008/09		2009/10
Restated		£'000
£'000		£'000
184,334	(Surplus)/ Deficit for the Year on Income and Expenditure Account	129,317
(183,412)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year (see page 24 for details)	(127,630)
922	(Increase) / Decrease in General Fund Balance in the year	1,687
(7,928)	General Fund Balance brought forward	(7,006)
(7,006)	General Fund Balance carried forward	(5,319)

Note on the Statement of Movement on General Fund Balance

2008/09 Restated £'000	2009/10	
	£'000	£'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.		
(203,534)	Depreciation and impairment of fixed assets	(100,091)
25,966	Government Grants Deferred amortisation	9,220
(3,580)	Revenue items funded from capital under statute	(3,948)
(8,951)	Net surplus / (loss) on sale of fixed assets	(39,858)
	Difference between amounts debited / credited to the Income and Expenditure Account and amounts payable / receivable to be recognised under statutory provisions relating to soft loans and premiums and discounts on early repayment of debt	(36)
(15)	Net charges made for retirement benefits in accordance with FRS17	(37,369)
(39,108)	The amount by which Council Tax income and residual community charge adjustment included in the Income and Expenditures account is different from the amount taken to the General Fund in accordance with regulation.	316
393	Transfer to Usable Capital Receipts Reserve	100
326		
(228,503)		(171,666)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year.		
7,416	Minimum revenue provision for capital financing	7,816
759	Former SYCC debt	834
1,126	PFI Finance Lease - Principal	1,532
	Capital expenditure charged in year to the General Fund Balance	1,416
2,913	Transfer to / (from) Useable Capital Receipts to meet payments to the Housing Capital Receipts Pool	0
(1,329)	Transfer to Financial Instruments Adjustment Account re Impairment on Financial Assets	(97)
(462)	Employer's contributions payable to the South Yorkshire Pension Fund and retirement benefits payable direct to pensioners	29,762
28,189		
38,612		41,263
Transfers (to) / from the General Fund Balance that are required to be taken into account when determining the Movement of the General Fund for the year		
(1,285)	Housing Revenue Account balance	130
7,764	Contribution to/(from) Earmarked Reserves	2,643
6,479		2,773
(183,412)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(127,630)

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the council for the year and shows the aggregate change in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2008/09 £'000		2009/10 £'000
187,395	(Surplus) /deficit for the year on the Income and Expenditure Account	129,317
19,765	(Surplus) /deficit on revaluation of fixed assets	(147,690)
0	Reinstatement of Sir Thomas Wharton finance lease liability	22,681
(51,617)	Actuarial (gains) / losses on pension fund assets and liabilities	111,558
(397)	(Increase) / decrease in Collection Fund balance re DMBC	0
155,146	Total recognised (gains) / losses for the year	115,866

Prior Period Adjustments with a net worth totalling £6.957m have been excluded from the table above. The adjustments can be summarised as follows:

	Net Worth
	£m
SORP 2009 changes re PFI	(0.574)
SORP 2009 changes re Collection Fund	0.002
Removal of SLHD FRS17 Pension costs	(6.385)
	(6.957)

Reconciliation of STRGL to movement in Total Net Worth

	Published	PPA	Restated	
Balance sheet – Total Net Worth 31/3/08	990,386	0	990,386	
Balance sheet – Total Net Worth 31/3/09	835,240	6,957	842,197	842,197
Total recognised (gains) / losses for the year	155,146	(6,957)	148,189	
Balance sheet – Total Net Worth 31/3/10				726,331
Total recognised (gains) / losses for the year				115,866

Further information regarding these Prior Period Adjustments can be found in note 1 on page 30.

Balance Sheet

The balance sheet is a summary of the financial position of the whole council at the end of the financial year (31st March). It brings together balances and reserves from all the various accounts, eliminates internal transactions between them and shows the value of the council's assets and liabilities.

Restated 31/3/09		Notes	31/3/10	
£'000	£'000		£'000	£'000
	0			
690,373			758,603	
664,612			625,780	
19,120			22,550	
130,317			134,026	
8,245			6,953	
	1,512,667			1,547,912
38,577			38,872	
19,380			17,175	
66,543			79,127	
	124,500			135,174
	1,637,167			1,683,086
4,908		9		
428		19	5,161	
	5,336		476	
	1,642,503			5,637
				1,688,723
994		15	1,089	
68,890		16	71,587	
12,980		19	13,750	
1,124			2,951	
	83,988			89,377
	1,726,491			1,778,100
(5,681)		19	(21,246)	
(71,267)		17	(68,630)	
(7,138)			(12,643)	
	(84,086)			(102,519)
	1,642,405			1,675,581
(337,401)		19	(346,473)	
(10,961)		20	(13,252)	
(141,506)			(156,831)	
(17,765)			(23,034)	
(63,012)		18	(60,952)	
(70)			(50)	
(229,493)		22	(348,658)	
	(800,208)			(949,250)
	842,197			726,331

Restated 31/3/09		Notes	31/3/10	
£'000	£'000		£'000	£'000
Financed by:				
74,938		Revaluation Reserve	21a	197,272
939,838		Capital Adjustment Account	21b	816,497
		Available-for-Sale Financial Instruments		
0		Reserves	21c	0
		Financial Instruments Adjustment		
(1,660)		Account	21d	(1,757)
8,541		Usable Capital Receipts Reserve	21e	14,083
3,147		Major Repairs Reserve	21h	555
(229,493)		Pensions Reserve	21f & 22	(348,658)
(82)		Collection Fund Adjustment Account	21k	233
(52)		Unequal Pay Back Pay Reserve	21l	0
		Funds Balances and Reserves:		
7,006		- General Fund Balance	21g	5,319
33,749		- Earmarked Reserves	21i	36,392
6,265		- Housing Revenue Account Balance	21j	6,395
	47,020			48,106
	842,197	Total net worth		726,331

This balance sheet was completed and authorised for issue on 30th September 2010, the date to which events after the balance sheet date have been considered.

I certify that these accounts present fairly the financial position of Doncaster Metropolitan Borough Council as at 31st March 2010.



Steve Mawson
Chief Financial Officer
(Section 151 Officer)

30th September 2010



Cllr Ros Jones
Chair of Audit Committee

30th September 2010

Cash Flow Statement

The guidance notes to the SORP 2009 clarifies that the Cash Flow Statement and associated notes may be calculated using the direct method, a build up from cash transaction records, or the indirect method, working back from the Financial Statements by making appropriate adjustments. The following statement and notes for 2009/10, and 2008/09, have been calculated using the indirect method.

2008/09		Notes	2009/10	
£'000	£'000		£'000	£'000
	36,646			46,236
0				0
(18,632)			(18,300)	
3,840			1,450	
(14,792)				(16,850)
(132,174)			(85,384)	
(3,000)			405	
(7,361)			(503)	
4,644			8,120	
1,473			975	
40,344			33,873	
(96,074)				(42,514)
	(74,220)			(13,128)
66,745			0	
0			(11,209)	
66,745				(11,209)
(10,983)			(293,658)	
			(1,533)	
0			20,000	
14,669			295,850	
3,686				20,659
(3,789)	Net Increase / (Decrease) in Cash			(3,678)

Notes to the Core Financial Statements

1. Prior Period Adjustment to Balance Sheet

Changes to the 2009 Statement of Recommended Practice (SORP) in relation to accounting for the Collection Fund and the accounting treatment of PFI schemes, require for 2008/09 comparator information to be restated on the same basis as that used for the preparation of the 2009/10 accounts. In addition the requirement for Doncaster Council to produce group accounts incorporating St Leger Homes of Doncaster Ltd (SLHD) has necessitated an adjustment to 2008/09 comparators to exclude the SLHD FRS17 pension costs formerly included in Doncaster Council's accounts in recognition of its responsibilities towards the accumulated deficit prior to the formation of SLHD. Prior Period Adjustments to restate the 2008/09 comparators affected a number of heads within the core statements of this Statement of Accounts. None of these Prior Period Adjustments have any effect on the results of the Council's overall finances, the level of general reserves, in either 2008/09 or 2009/10. Those lines affected are listed below:

	Statement of Accounts 2008/09 balances as 31/3/09 £'000	SORP 2009 PFI schemes £'000	SORP 2009 Collection Fund £'000	Removal of SLHD FRS17 Pension costs £'000	2008/09 Restated balances as 31/3/09 £'000
INCOME & EXPENDITURE ACCOUNT					
Children's and Education Services	88,264	(722)			87,542
Non Distributed Costs – Past Service Costs	2,628			(764)	1,864
Pensions interest cost and expected return on pensions assets	14,056			(423)	13,633
Transfer of Collection Fund (Surplus) / Deficit	(1,140)		(393)		(1,533)
STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE					
Depreciation and impairment of fixed assets	(203,130)	(404)			(203,534)
Net charges made for retirement benefits in accordance with FRS17	(42,147)			3,039	(39,108)
Amount by which the Council Tax income included in the I&E is different from the amount taken to the General Fund in accordance with regulation.	0		393		393
Minimum Revenue Provision for capital financing	8,175	1,126			9,301

	Statement of Accounts 2008/09 balances as 31/3/09 £'000	SORP 2009 PFI schemes £'000	SORP 2009 Collection Fund £'000	Removal of SLHD FRS17 Pension costs £'000	2008/09 Restated balances as 31/3/09 £'000
Employer's contributions payable to the South Yorkshire Pension Fund and retirement benefits payable direct to pensioners.	30,041			(1,852)	28,189
BALANCE SHEET					
Other land and buildings	616,541	48,071			664,612
Long Term Debtors	576	(148)			428
Debtors	70,198		(1,308)		68,890
Creditors	(71,041)	(1,532)	1,306		(71,267)
Deferred Liabilities	(17,195)	(45,817)			(63,012)
Liability related to defined benefit pension scheme	(235,878)			6,385	(229,493)
Capital Adjustment Account	(939,264)	(574)			(939,838)
Collection Fund Adjustment Account	0		82		82
Pensions Reserve	235,878			(6,385)	229,493
Collection Fund	80		(80)		0

2. Net Cost of Services

The Income and Expenditure Account has been prepared on the basis of CIPFA's Best Value Accounting Code of Practice. As an alternative analysis to that shown on page 22, the following is the cost of services expressed in the terms of the council's organisational structure.

	£'000
Adult Services	66,397
Children & Young People Services	77,621
Communications and Marketing	12
Development	9,605
Neighbourhoods and Communities	74,919
People and Performance Improvement	1,593
Resources inc Council-wide Items	83,045
Net Cost of Services - General Fund	313,192
Local Authority Housing (HRA)	315
HRA share of Corporate and Democratic Core	265
Total Net Cost of Services per I&E	313,772

The major functions for which each service is responsible as from 1st April 2009 are as follows:-

Adults Services – Adult Social Care Services for older people, Learning Disability, Physical Disability and Mental Health.

Children and Young People Services – The main purpose is to maximise the life chances of all children and young people in Doncaster and drive significant improvement. It includes early years service, children's social services, pupil support, youth offending, youth services, school improvement, adult & community learning, school governors and information management teams.

Communications and Marketing – Communications provide a comprehensive range of Marketing, Press, Public Relations, Design, Website and Intranet services to the council.

Development – The Director of Development and his team are responsible for the development of effective strategies and delivering services and programmes in the area of economic growth, housing, design and transport links. This includes the following key activities; developing and implementing planning, economic, housing and transport strategies and programmes; delivering transformational projects such as the Civic and Cultural Quarter, Waterfront, Building Schools for the Future, White Rose Way & FARRRS and Digital Region project; delivering key economic and social regeneration programmes through Success Doncaster, partners and other providers; and promoting Doncaster as an area that people want to live, work, visit and invest.

Neighbourhoods and Communities - Neighbourhood Management Services includes Area Teams, Leisure and Culture Services, Resource Recovery, Highways & Traffic Management, Parking, Regulation & Enforcement, Natural Environment, Horticulture, FLAG, Community Safety, Bereavement Services, Customer Services & Libraries, Emergency Planning & Health & Safety and Older People Day Centres.

People and Performance Improvement – The mission of People and Performance Improvement is to drive improvements in performance and culture through our employees and partners to effectively improve and achieve outcomes for the people of Doncaster. The service is provided by three teams, which are Human Resources, Organisational Development and Policy, Performance and Change.

Resources – Resources is responsible for delivering support services across the council and to the public. Quality services are delivered to customers when and where they prefer. Resources cover a range of corporate support including ICT Services, Finance, Legal and Democratic Services and Internal Audit. Resources is also responsible for all Trading Services.

Council Wide Items – These are budgets that are managed on a council-wide basis due to either their specialist nature or that they cannot be sensibly allocated to a Director.

Exceptional Items – consists of back pay, for the years 2007/08 and 2008/09, resulting from the implementation of job evaluation in 2009/10 being back dated to 1st April 2007.

Housing Revenue Account – Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision.

3. General Government Grants

For General Government Grants no condition on use is imposed as part of the grant determination ensuring full local control over how funding can be used. General Government Grants can be analysed as follows:

2008/09 £'000		2009/10 £'000
28,598	Area Based Grant	30,626
16,384	Revenue Support Grant	26,044
0	Local Public Service Agreement	518
1,356	LA Business Growth Incentive Scheme	206
0	Revenue element of Housing and Planning Delivery Grant	161
0	Other	108
46,338	Total	57,663

4 Trading Operations

The Income and Expenditure Account incorporates the total net (surplus) / deficit from Trading Services.

2008/09 Total £'000		2009/10 Total £'000
(43,976)	Income	(37,194)
43,079	Expenditure	36,710
(897)	Total net (surplus)/deficit for the year	(484)
897	Transfer to/(from) General Fund	484

The total net deficit for the year, analysed between External Trading Operations and Internal Trading Operations, is shown below.

External Trading Operations

2008/09 (Surplus) / Deficit £'000		Expenditure	2009/10 Income	(Surplus) / Deficit £'000
£'000		£'000	£'000	£'000
44	Markets	1,638	(1,684)	(46)

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 wholesale fruit and vegetables.

Internal Trading Operations

2008/09 (Surplus) / Deficit £'000		Expenditure £'000	2009/10 Income £'000	(Surplus) / Deficit £'000
(251)	Highways	11,742	(11,662)	80
58	Metro Clean	6,121	(6,013)	108
(103)	Print Unit (Inpress)	892	(927)	(35)
18	Public Building Maintenance	7,819	(7,963)	(144)
(26)	Catering	362	(376)	(14)
(637)	Transport	8,136	(8,569)	(433)
(941)		35,072	(35,510)	(438)

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

Metro Clean - is the council's in-house building cleaning service responsible for the cleaning of 425 sites throughout the borough, including 115 schools.

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

Public Building Maintenance – The Public Building Maintenance team carry out electrical, mechanical and general building repairs and maintenance to schools and public buildings throughout the Doncaster Borough. A Help Desk is in operation, which includes provision of an emergency response team. Adaptation work in partnership with British Red Cross to private dwellings throughout Doncaster is also carried out. The team also deliver medium new builds and refurbishment work. The section also manages the stores function for Doncaster Council.

Catering – under the direction of Facilities Management and delivers the council's internal catering requirements at the Council House Skyline Restaurant, Carr House Garden Restaurant and Mansion House planned events. Buffets are available on request at these locations.

Transport – The service is responsible for the acquisition and management of the council's and St Leger Homes Ltd fleet of vehicles, plant and equipment, inclusive of statutory compliance with the goods vehicle operators licence requirements. It operates a fully equipped vehicle body repair workshop, vehicle and plant maintenance and repair workshop which are currently located at North Bridge and Sunnyside Depots. The service also operates a passenger transport service which involves taking older people into day centres and daycare, people to social education centres and arranging transport for children that are in the care of the council.

5 Members' Allowances

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

2008/09		2009/10
£		£
803,365	Basic allowance	803,003
247,256	Special responsibility allowance	241,620
675	Travel	658
17,492	Co-opted members	17,319
1,068,788	Total	1,062,600

6 Teacher and Officer Emoluments

The Accounts and Audit Regulations 2003 require the disclosure of certain information relating to officers' emoluments. This means all amounts paid to or receivable by an employee and includes sums due by way of termination benefits, expenses, allowances and the estimated money value of any other benefits received by an employee otherwise than in cash. The inclusion of termination payments has had the effect of certain employees being in a higher band than would otherwise be the case. Regulation 4 of the Accounts and audit (Amendment No 2) (England) Regulations 2009 introduce a new legal requirement to disclose additional information relating remuneration of senior employees.

Details of the number of employees whose remuneration was £50,000 or more, expressed in bands of £5,000, is as follows:

2008/09				2009/10		
DMBC	Schools	Total	£	DMBC	Schools	Total
16	86	102	50,000 - 54,999	35	89	124
33	48	81	55,000 - 59,999	36	52	88
16	21	37	60,000 - 64,999	10	26	36
4	10	14	65,000 - 69,999	3	9	12
5	2	7	70,000 - 74,999	4	9	13
5	4	9	75,000 - 79,999	5	5	10
1	3	4	80,000 - 84,999	5	0	5
3	2	5	85,000 - 89,999	0	2	2
4	2	6	90,000 - 94,999	0	2	2
0	1	1	95,000 - 99,999	4	0	4
1	0	1	100,000 - 104,999	1	0	1
1	0	1	105,000 - 109,999	0	1	1
1	0	1	110,000 - 114,999	0	0	0
0	0	0	115,000 - 119,999	0	0	0
0	0	0	120,000 - 124,999	0	0	0
0	0	0	125,000 - 129,999	0	0	0
0	0	0	130,000 - 134,999	1	0	1
0	0	0	135,000 - 139,999	0	0	0
0	0	0	140,000 - 144,999	1	0	1
0	0	0	145,000 - 149,999	0	0	0
0	0	0	150,000 - 154,999	0	0	0
0	0	0	155,000 - 159,999	0	0	0
0	0	0	160,000 - 164,999	0	0	0
0	0	0	165,000 - 169,999	0	0	0
0	0	0	170,000 - 174,999	0	0	0
0	0	0	175,000 - 179,999	0	0	0
0	0	0	180,000 - 184,999	1	0	1

The table above excludes the following senior employees and posts, whose remuneration for 2008/09 and 2009/10 is shown in the tables below:

Senior Officer Remuneration 2008/09

Name / Title	Gross Salary	Allowances & Expenses	Additional payments	Compensation ex-gratia	Employer Pension Contribution	2008/09 Total
	£	£	£	£	£	£
Chief Executive – Paul Hart	180,538		3,112		31,233	214,883
Director of Neighbourhoods & Communities	138,313				21,243	159,556
Director of Resources (Note 1)	131,305		2,500		19,850	153,655
Director of Development	131,925				19,645	151,570
Director of Adult Services	126,561				19,369	145,930
Director of People & Performance Improvement	109,550		913		16,603	127,066
Director of Children & Young People's Services (Note 2)	0					0
Director of Finance (Note 3)	68,570			52,594	9,543	130,707
Chief Financial Officer (Note 3)	38,612				6,680	45,292
Head, Danum School – Kelvin Simmons (Note 4)	171,121				24,133	195,254

Note (1) Director of Resources undertook the role of Monitoring Officer.

Note (2) During 2008/09 this post was vacant and was covered by an externally employed agent.

Note (3) The post of Director of Finance was occupied for the period April to October 2008. The Director was replaced by a Chief Financial Officer for the remainder of 2008/09. The figures provided in the table show actual costs paid. The annualised salary for the Chief Financial Officer in 2008/09 was £81,960.

Note (4) The post holder has management responsibilities for both Danum and Hallcross schools until August 2008 and Danum only from that date.

Senior Officer Remuneration 2009/10

Name / Title	Gross Salary	Allowances & Expenses	Additional payments	Compensation ex-gratia	Employer Pension Contribution	2009/10 Total
Chief Executive – Paul Hart (Apr 2009 – Jan 2010)	141,695		18,772	41,261	26,001	227,729
Feb 2010 – Mar 2010 (Note 1)	26,862				4,674	31,356
Director of Neighbourhoods & Communities	119,098				20,277	139,375
Director of Resources (Note 2)	68,149	20			11,586	79,755
Director of Development	129,572		12,623		24,296	166,491
Director of Adult Services	119,038				20,277	139,315
Director of People & Performance Improvement	103,730				17,603	121,333
Director of Children & Young People's Services (Note 3)	21,771				3,713	25,484
Chief Financial Officer (Note 4)	88,359				14,816	103,175
Monitoring Officer – 4 th Feb to 31 st March (Note 5)	13,927				2,355	16,282
Head, Danum School – Kelvin Simmons	152,224	312			21,463	173,999

Note 1 Chief Executive; annualised salary £161,172

Note 2 This post was held by an employee from 1/4/09 to 17/4/09 and then by two different employees from 7/9/09 to 31/3/10. For the period in between the post was covered on a consultancy basis and the figures above exclude the costs of the consultant. The annualised salary for this post is £96,300.

Note 3 This post was covered on a consultancy basis from 1/4/09 to 31/1/10. the current employee, in post since 1/2/10, receives an annualised salary of £130,624.

Note 4 Chief Financial Officer -This post covers the role of Section 151 Officer.

Note 5 The role of Monitoring Officer was undertaken by the Director of Resources until 3rd February 2010 and then by the Assistant Director of Resources (Legal Services) from 4th February 2010 to date. The annualised salary of the Assistant Director Resources (Legal Services) was £88,363.

7 Related Party Transactions

The objective of FRS8 Related Party Disclosures is to ensure that Financial Statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by transactions with them.

During the year the following material transactions have been identified between the council and council members, chief officers or other related parties in addition to those identified elsewhere within the notes to the Revenue Accounts, Consolidated Balance Sheet and the Cash Flow Statement.

A zero in either of the financial years shown below indicates that there was not a relationship within the scope of FRS8 needing disclosure for that year.

2008/09 £'000	Organisation	General Nature of Transactions	2009/10 £'000
Income			
4,606	Transform South Yorkshire	Pathfinder Grant	5,332
Expenditure			
52	Doncaster Central Development Trust	New Deal for Communities funding	3,173
1,178	North Doncaster Development Trust (NDDT)	Various schemes to support Work Skills and Enterprise Programme supporting delivery of the Economic Strategy.	1,389
672	Doncaster Chamber of Commerce	Funding for Projects	624
241	Doncaster Community Transport	Costs incurred for School Escort Service.	589
0	Doncaster West Development Trust	Various schemes to support Work Skills and Enterprise Programme supporting delivery of the Economic Strategy.	451
577	Doncaster & Bassetlaw Hospital	Funding contributions to NHS Health Act Section 28A and the Coroners Service.	381
408	Citizens Advice Bureau	Core Funding for Citizens Advice Bureau across the borough.	358
543	Doncaster Arts (DARTS)	Various grant contributions to support projects such as "Success Doncaster", "Otherwise creative..." and "Art adventures Out & About".	330
167	Doncaster Deaf Trust	School Fees	184
29	Netherhall Area Community Interest	NDC grant payment	115

8 Audit and Inspection Fees

The council incurred the following fees relating to external audit and inspection:

2008/09 £'000		2009/10 £'000
383	Audit Fees	473
23	Statutory Inspection fees	17
131	Grant certification	130
537	Total	620

9 Movement of Fixed Assets

2008/09 Total £'000	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant etc. £'000	Infra- Structure Assets £'000	Community Assets £'000	Non – Operational Assets £'000	2009/10 Total £'000
1,841,519	705,148	763,375	43,476	160,884	8,741	126,244	1,807,868
0	(1,379)	(238)	(11)	5,755	1,156	(5,283)	0
182,470	59,559	9,638	7,228	6,824	100	5,010	88,359
5,911	23,031	65,658			46	20,186	108,921
(14,980)	(714)	(79,628)				(8,373)	(88,715)
(207,052)	(9,202)	(33,620)			(2,460)	(339)	(45,621)
1,807,868	776,443	725,185	50,693	173,463	7,583	137,445	1,870,812
(136,611)	(14,775)	(98,763)	(24,356)	(30,567)	(496)	(1,744)	(170,701)
0		239		(118)		(121)	0
(55,875)	(12,616)	(23,560)	(3,649)	(4,211)	(36)	(2)	(44,074)
33,814	14,775	18,928				30	33,733
2,013	7	14,928					14,935
(14,042)	(5,231)	(11,177)	(138)	(4,541)	(98)	(434)	(21,619)
(170,701)	(17,840)	(99,405)	(28,143)	(39,437)	(630)	(2,271)	(187,726)
1,637,167	758,603	625,780	22,550	134,026	6,953	135,174	1,683,086

Valuations of fixed assets

2008/09 Total £'000	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant etc. £'000	Infra- Structure Assets £'000	Community Assets £'000	Non – Operational Assets £'000	2009/10 Total £'000
157,682			22,550	134,026	6,953		163,529
1,479,485	758,603	625,780				135,174	1,519,557
1,637,167	758,603	625,780	22,550	134,026	6,953	135,174	1,683,086

Nature of asset holding

2008/09 Total	Council Dwellings	Other Land and Buildings	Vehicles Plant etc.	Infra- Structure Assets	Community Assets	Non – Operational Assets	2009/10 Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Nature of asset holding						
1,589,096	758,603	602,118	22,305	134,026	6,953	135,174	1,659,179
0			245				245
48,071		23,662					23,662
1,637,167	758,603	625,780	22,550	134,026	6,953	135,174	1,683,086

Analysis of Non-Operational Assets

2008/09		Surplus Assets	Investment Assets	Assets Under Construction	2009/10
£'000		£'000	£'000	£'000	£'000
119,560	Cost or valuation as at 1st April	67,942	38,577	19,725	126,244
14,870	Assets reclassified	596	1,195	(7,074)	(5,283)
4,271	Additions	2		5,008	5,010
7,527	Revaluations	19,982	205	(1)	20,186
(931)	Disposals	(7,558)	(815)		(8,373)
(19,053)	Impairment	(319)	(20)		(339)
126,244	Cost as at 31st March	80,645	39,142	17,658	137,445
(135)	Depreciation as at 1st April	(1,399)	0	(345)	(1,744)
(1,886)	Assets reclassified	33	(272)	118	(121)
(248)	Charge for the year	(2)			(2)
1,639	Revaluations	28	2		30
	Disposals				
(1,114)	Impairment	(178)		(256)	(434)
(1,744)	As at 31st March	(1,518)	(270)	(483)	(2,271)
124,500	Balance Sheet as at 31st March	79,127	38,872	17,175	135,174

All non-operational assets are shown at current value

Nature of asset holding

2008/09		Surplus Assets	Investment Assets	Assets Under Construction	2009/10
£'000		£'000	£'000	£'000	£'000
	Nature of asset holding				
124,500	Owned	79,127	38,872	17,175	135,174
	Finance Lease				
	PFI				
124,500	Total	79,127	38,872	17,175	135,174

Fixed Assets excluded from the Balance sheet

There are currently six secondary schools which are not brought on to the council's balance sheet due to their status, five Foundation Trust Schools (Campsmount, Danum, Don Valley, Sir Thomas Wharton and Hayfield Schools) plus one Academy School (Trinity Academy, Thorne).

A further nineteen Primary and two Secondary Voluntary Aided Schools are only included within the council's balance sheet to recognise the council's interest in the School playing field, no asset for the school building is brought on to the balance sheet in respect of these schools.

No estimated valuations have been disclosed, as up to date valuations are not currently available.

10 Capital Expenditure and Financing

2008/09 £'000		2009/10 £'000
382,213	Opening Capital Financing Requirement	438,810
	Capital Investment	
129,724	Operational assets	83,349
4,271	Non-operational assets	5,010
7,306	Revenue items funded by capital under statute	7,449
205	Long term loans and advances issued	36
0	Investment in related company	405
	Sources of Finance	
(64,933)	Government grants and other contributions (received and due in the financial year)	(49,474)
(9,647)	Capital receipts	(3,212)
(2,913)	Direct revenue financing	(1,294)
(7,416)	Minimum revenue provision	(7,816)
438,810	Closing Capital Financing Requirement	473,263

Movement in the year

56,435	Supported borrowing	34,906
0	Unsupported borrowing	0
162	Unfinanced expenditure	(453)
56,597		34,453

The main items of capital spending were:-

	2009/10 Expenditure £'000
Housing Capital Programme	
Decency - Henry Boot	11,348
Decency - Bramall	15,057
Wates Living Space	9,151
Decency – Doncaster Council Management Fees	3,456
Refurbishment works to empty properties	3,340
Decency – Fascia & Soffit Programme	3,000
Adaptations for the disabled	1,470
Adaptations for the Decent Homes	1,415
Pathfinder Scheme – Princess Crescent	1,231
Cyclical painting programme	1,051
Disabled facilities grants	1,039
Children and Young People Programme	
Devolved Formula Capital – General - Primary	3,222
Devolved Formula Capital – General - Secondary	1,809
Transport Capital Programme	
White Rose Way Project & Delivery	1,175
Major Projects	
Finningley & Rossington Regeneration Route Scheme Project & Delivery	1,285

11 The Council has entered into the following significant contracts.

Estimated future capital commitments are:-

	£'000
Cantley Park Pavilion	965

12 Tangible Fixed Assets

The balance sheet shows the value of land and buildings (see the statement of accounting policies for method of valuation). The following attempts to convey an idea of the diversity of the council's assets, although it is not a comprehensive list.

Leisure Facilities

26 libraries; 1 mobile library; 1 mobile story bus; 1 travel library; 1 archive; 2 museums; 7 sports and leisure centres; 5 community centres; 1 golf course; 1 water park; 1 canal barge; 117 formal open spaces; 230 informal open spaces; 131 children's play areas (included within the formal and informal sites); 24 public parks (including 3 country parks); 69 woodlands; 32 nature conservation areas (including 3 local nature reserves); 76 allotments; 312 amenity sites as identified in the Green Space Audit; 1 racecourse and exhibition centre; 1 theatre; 18 youth clubs and 3 mobile youth units; 1 community stadium (Keepmoat).

Commercial and Industrial Facilities

1 industrial unit; 11 part owned industrial units; 4 shop units; 1 shopping centre; 4 markets; 1 wholesale meat market; 1 wholesale fruit and vegetable market; 12 town centre car parks; 3,516 garages and garage sites and 174 shops on housing estates.

Housing and Community Care Facilities

9 homes for older people; 9 children's homes; 2 homes for people with learning difficulties; 1 home for people with mental health problems; 11 self support group homes; 15 day centres for adults; 5 social education centres; 1 sheltered workshop; 24 day centres for children and families; 16,875 houses and bungalows; 3,982 maisonettes and flats.

Schools and Educational Establishments

103 primary; 14 secondary and 5 special schools; 6 pupil referral units; 1 field study centre; 1 multicultural education centre; 1 music centre and 3 Professional Development Centres.

Other Public Amenities

1 civic mansion house; 1 court house; 1 registrar's office; 1 public hall; 1 printing works; 13 cemeteries; 1 crematorium; 1 weighbridge; 15 workshops and depots.

Administration

A central office (Council House) and a number of other administration offices split over various sites each varying from listed buildings to portacabins. Large capital items of equipment and machinery such as the computer and vehicles have, in the main, been leased and are not included in the capital account. Among the fleet of vehicles are: 4 library vehicles; 4 tankers; 113 mini-buses, coaches and welfare vehicles; 145 trucks and lorries; 455 vans; 5 gritters; 8 street lighting platforms; 18 cars, 3 electric trucks, 14 ford rangers and 17 sweepers.

13 Intangible Fixed Assets

The council did not have any intangible assets at any point in 2009/10.

14 Operating Leases

Operating Expenses

Leased assets are generally not included as capital assets in the balance sheet as the majority of leases are accounted for as operating leases. New vehicles, plant and equipment to the value of £3.16m (£3.34m in 2008/09) came into the possession of the council during 2009/10 by way of leasing. Lease rentals for plant and machinery are paid annually in advance.

2008/09 £'000		2009/10 £'000
1,859	Hire of plant and machinery	2,210
355	Land and buildings	752
2,214	Total	2,962

Annual commitments under non-cancellable operating leases:

2008/09			2009/10	
Land and buildings	Other operating leases		Land and buildings	Other operating leases
£'000	£'000		£'000	£'000
		Operating leases which expire:		
78	0	Within 1 year	115	0
94	1,456	Between 1 and 5 years	252	2,030
160	5	After 5 years	385	0
332	1,461	Total	752	2,030

The 2009/10 figures above represent cash commitments at 31st March payable during 2010/11.

Annual income from leases where DMBC is lessor:

2008/09 Land and buildings £'000		2009/10 Land and buildings £'000
	Operating leases which expire:	
84	Within 1 year	62
253	Between 1 and 5 years	469
596	After 5 years	626
933	Total	1,157

Assets held for operating leases

The council has properties which it leases under operating leases which generate revenue. The assets listed below are the major assets, in terms of capital value, leased out by the council; however the rentals accruing from the Dearne Valley Leisure Centre, The Dome and The Community Stadium are by way of peppercorn rents. The council's assets are revalued on a five-year cycle, however Investment Assets are not depreciated, in line with SORP guidance.

2008/09			2009/10	
£'000	£'000		£'000	£'000
		Gross book value:		
9,701		Dearne Valley Leisure Centre	9,701	
57,024		The Dome	57,367	
31,901		The Community Stadium	500	
6,900		The Colonnades (Investment asset)	6,900	
1,273		Land at Marshgate (Investment asset)	1,273	
2,500		Doncaster Racecourse (Investment asset)	2,500	
9,439		Commercial Properties	21,283	
	118,738			99,524
		Less accumulated depreciation		
(339)		Dearne Valley Leisure Centre	(632)	
(2,306)		The Dome	(3,470)	
(1,829)		The Community Stadium	0	
(161)		Commercial Properties	(226)	
	(4,635)			(4,328)
	114,103	Total		95,196

15 Stock and Work in Progress

At 31/3/09		At 31/3/10
£'000		£'000
	Stocks of materials and provisions:-	
402	Building and Civil Engineering Works	441
54	Information Services	48
137	Education including Canteens	129
20	Civic Catering	25
34	Metro Clean	33
21	Leisure Services	19
212	Transport	268
14	Print Unit (Inpress)	13
24	Grounds Maintenance	23
76	Other	90
994		1,089

16 Sundry Debtors

At 31/3/09 £'000		At 31/3/10 £'000
19,464	Central Government	29,997
9,390	HM Revenue and Customs taxes and duties	4,453
899	Other Public Sector Organisations	2,920
3,388	Housing Rents	3,434
17,243	Taxpayers	10,850
21,523	Other Sundry Debtors	23,541
71,907		75,195
7,015	Payments in Advance	3,788
(10,032)	Less Provision for Bad Debts	(7,396)
68,890		71,587

The provision for bad debts includes £3.953m for Council Tax (£4.151m in 2008/09) and £0 for national non-domestic rates (£2.950m in 2008/09), due to the changes to the accounting arrangements for Collection Fund items introduced by the SORP 2009, and £2.505m for other debts (£2.931m in 2008/09). The figure quoted above for debtors less the provision for bad debts is considered to be a reasonable statement of fair value. See note 19c for further analysis.

17 Sundry Creditors

At 31/3/09 £'000		At 31/3/10 £'000
14,708	Central Government	10,139
7,530	HM Revenue and Customs taxes and duties	7,911
1,579	Other Public Sector Organisations	4,636
33,189	Other Sundry Creditors	37,659
57,006		60,345
14,261	Receipts in Advance	8,285
71,267		68,630

18 Deferred Liabilities

These liabilities are payable in a period exceeding 12 months and include the following:

- £16.092m (£17.010m at 31 March 2009) 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.
- £44.423m (£45.817m at 31st March 2009) relating to PFI schemes' long term liabilities as disclosed in Note 34. There are related current liabilities of £1.394m (£1.532m as at 31st March 2009).
- £0.197m (£0m as at 31st March 2009) Finance Lease liability relating to vehicle tracking units acquired in 2009/10.
- The remainder relate to long term creditors i.e. creditors due to be paid in over 12 months time.

19 Cash Management

a) Borrowing and Investments

Borrowing is related to the capital financing functions as outlined in the accounting policies. Borrowing or investing is used during the year to cover variations in revenue cash balances. In managing both long and short term requirements consideration has to be given to current interest rates and anticipated future spending and income, both capital and revenue. Within this inter relationship it is possible to be both lending and borrowing within the same periods not as a trading activity but to maximise opportunities and minimise costs within statutory provision and relevant professional standards.

Loans and investments are shown inclusive with any accumulated interest accrued at 31st March 2010. Borrowing and investment are analysed below showing counter-parties and maturity periods. Interest accrued on borrowing amounted to £3.508m as at 31st March 2010 (£3.424m as at 31st March 2009) and accrued interest on investments amounted to £0.007m at the same date (£0.629m as at 31st March 2009).

At 31/3/09 £'000	a. Borrowing	At 31/3/10	
	Source	£'000	£'000
297,560	Public Works Loan Board	297,586	
44,306	Banking Sector	39,303	
4	Local Bonds	4	
343	Other Public Sector	30,295	
35	Other Financial Institutions	531	
342,248			367,719
	Repayable		
4,847	At 7 days notice	117	
0	Within 1 year	21,129	
7,674	Between 1 and 2 years	17,000	
15,004	Between 2 and 3 years	13,000	
15,005	Between 3 and 4 years	0	
10,000	Between 4 and 5 years	10,000	
21,556	Between 5 and 10 years	10,907	
268,162	After 10 years	295,566	
342,248			367,719
At 31/3/09 £'000	b. Investments	At 31/3/10	
	Placement	£'000	£'000
0	Co-operative Bank	2,700	
10,022	Building Societies	0	
5,495	Other Banking Sector	11,050	
2,371	Other	5,161	
17,888			18,911
	Redeemable		
0	Overnight	12,706	
12,979	Within 3 months	1,043	
1	Within 1 year	1	
4,908	Other	5,161	
17,888			18,911

External temporary investments are made up mainly of money set aside to repay debt and income received in advance of expenditure. The current economic position has led to a reduction in investments, which have been used in place of

new borrowing due to the investment rates available being less than the cost of new borrowing.

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments:

31 st March 2009			31 st March 2010	
Long Term	Current		Long Term	Current
£'000	£'000		£'000	£'000
		Borrowings		
337,401	5,681	Financial Liabilities at Amortised Cost	346,473	21,246
45,817	1,532	Obligations under PFI Finance Lease (See Note 34)	44,423	1,394
383,218	7,213	Total Borrowings	390,896	22,640
		Investments		
0	12,980	Fixed Term Deposits		13,750
2,538	0	Overdue Fixed Term Deposit with Icelandic Bank	2,386	
2,538	12,980	Loans and Receivables	2,386	13,750
2,370	0	Unquoted equity investment at cost	2,775	
4,908	12,980	Total Investments	5,161	13,750

Financial liabilities and financial assets represented by loans and receivables 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. The council's advisor has provided fair value calculations for financial instruments other than PWLB loans and the PWLB has provided fair value calculations for loans acquired through them.

The estimated range of interest rates at 31st March 2010 are between 0.83% and 4.73% for loans from the PWLB, other market loans payable were generally not available at the 31st March and between 0.4% and 0.8% for loans receivable. No early repayment is recognised. An investment with an Icelandic bank has been treated as impaired (See note 19b)

The fair values calculated are as follows:

31 st March 2009			31 st March 2010	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
342,248	403,257	Financial Liabilities	367,719	416,362

The fair value is greater than the carrying amount because the council's portfolio of investments includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The PWLB, in calculating the fair value, have used penalty rates in their calculation on the assumption that all debt due to them is prematurely repaid on 31st March 2010. This combined with the commitment to pay interest above

current market rates increases the amount that the council would have to pay if the lender requested or agreed early repayment of the loans.

31 st March 2009			31 st March 2010	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
15,518	14,736	Loans and Receivables	15,093	15,093

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

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

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

b) Credit Risk - Investments

The council regard it as being a prime objective to ensure the security of the principal sums it invests. In order to achieve this a lending list is compiled using information provided by various credit rating agencies. Only financial institutions with a high credit rating qualify to go on the list, with each having a maximum investment limit. 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 2010:

CREDIT RATINGS							
Short Term Rating	Long Term Rating	Individual	Support	Max Limit £'m	Highest Investment £'m	Total Investments £'m	Number Of Institutions
F1+	AA- & Higher	B/C	2 & Higher	5	5	15.7	4

A maturity analysis based on the expectation of repayment of the investments, after allowing for £0.6m impairment, at 31st March, 2010 is:

	Impaired Investment	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Deposits with Banks and Building Societies	2.4	12.7	0	0	0	15.1

The institutions above are assessed by taking into account their financial position, past experience and other factors with the individual credit limits being set by internal parameters approved by the council. The process is designed to ensure that the organisations are of high credit quality and thus will have a low risk of default.

Based on the historical experience of default and current market conditions, the following table summarises the council's estimated exposure to credit risk:

	Amount at 31 st March 2010	Historical experience of default	Historical experience adjusted for market conditions at 31/3/10 default	Estimated exposure to default
	£'m	%	%	£
Deposits with Banks and Building Societies	12.7	0.47%	1.47%	222.425

The calculation above excludes an investment of £3m with Landsbanki that is explained below.

As 2008/09 unfolded, the Treasury Management strategy changed to take into account the increased counter-party risks. As a result of the Icelandic banking crisis the Council has amended its investment policy to only invest in British 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.

The historical experience adjusted for market conditions at 31st March of default rate is based on the average investment balances during the past two years. Therefore, whilst the estimated exposure to default has not increased significantly the council's pursuit of its stated strategy of foregoing borrowing and utilising the investment balances to fund capital spending has significantly reduced the average investment balance. This has been the major influence on the percentage rate calculated.

Exposure to Icelandic Banks – Impaired Investment

Early 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 authority 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%	£3,096,705.21	£613,905.28

Following the latest advice from CIPFA, the authority judge that it is appropriate to consider an impairment adjustment for the deposit, and has taken the action outlined below. Revised guidance was received for the 2009/10 financial year which resulted in an increase in the impairment. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

All monies within this institution are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators/receivers, however this is now subject to legal challenge through the Icelandic court system. Based on advice from our legal advisors, it is not anticipated that the outcome of the challenge will be known before November 2010.

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Old Landsbanki's affairs are being administered under Icelandic law. Old Landsbanki's latest public presentation of its affairs was made to creditors on 27th May 2010 and can be viewed on its website. This and other relevant information indicates that recovery of 95% could be achieved, and the authority has, acting on advice received from our legal advisors, the LGA & CIPFA assumed recovery at 95% by 2018. The authority has therefore decided to recognise an impairment based on it recovering 95p in the pound

The recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status, which is being tested through the Icelandic courts;
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling;
- Settlement of the terms of a 'bond' which will allow creditors of old Landsbanki

to enjoy rights in New Landsbanki;

- The impact (if any) of the freezing order made by the UK Government over Landsbanki's London branch assets.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 38p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Because it is anticipated that all the assets of Landsbanki Islands will need to be realised to repay priority creditors, settlement in a single sum is unlikely. Therefore, in calculating the impairment, the authority has used the estimated repayment timetables provided by CIPFA. It is therefore assumed that the repayment will be on an annual basis split between October 2011 and 2018.

c) Other Credit Risks

The sundry debtors total net of provision for bad debts, £75.359m (Note 16), includes Trade Debtors (£18.941m) and council tenants rent arrears (£3.44m). In respect of trade debtors, the council does not generally allow credit for customers, such that £8.618m of the £18.941m balance is past its due date for repayment. The past due date amount can be analysed by age as follows:

Trade Debtors					
2008/09			2009/10		
Arrears	Provision	After due date	Arrears	Provision	
£'000	£'000		£'000	£'000	
1,161	19	Less than 3 months	2,516	34	
561	4	3 to 6 months	1,652	35	
1,130	13	6 months to 1 year	956	74	
2,526	1,609	More than 1 year	3,494	1,335	
5,378	1,645	Total Trade Debtors	8,618	1,478	

The carrying amount of housing rent arrears is split into two parts, those where the arrears relate to a former tenant and those where the arrears relate to current tenants. The table below shows the analysis of former tenant arrears. The current tenants arrears are considered to be current and amount to £1.591m (£1.531m in 2008/09), which is equivalent to 1.42 weeks total rent debit (1.41 weeks in 2008/09) or £76.31 per dwelling (£73.04 in 2008/09). Whilst individual tenants may be in arrears or advance these amounts are considered to be immaterial for the purposes of this statement and with the exception of 1% provision for non-collection the £1.591m is considered to represent fair value for this class of tenant.

Housing Rents					
£'000	£'000	After due date	£'000	£'000	
Arrears	Provision		Arrears	Provision	
284	99	2009/10	251	88	
234	82	2008/09	236	82	
1,299	1,047	More than 2 years old	1,360	1,121	
1,817	1,228	Total	1,847	1,291	

d) Liquidity Risk

The council ensures it has sufficient funds available on a daily basis that are necessary for the achievement of its service objectives. To achieve this, surplus funds are placed initially with reference to cash flow requirements. Appropriate temporary borrowing facilities have been negotiated, and, are in place to cover any shortfall.

The majority of the longer term borrowing requirement including Prudential borrowing is obtained from the Public Works Loan Board, which will lend the council up to the value of its authorised limit, which for 2009/10 was £792m (£759m. in 2008/09). Given this fact there is no significant risk that the council will be unable to raise the necessary finance to meet its commitments.

In order to limit the refinancing risk in the future, no more than 15% of the portfolio, (except for the period of less than 12 months which is 30% to allow for rescheduling opportunities), will be borrowed in a financial year to ensure the council is not exposed to having to replenish a significant amount of debt when interest rates are unfavourable. The current profile of loans does not have any more than 9% maturing in any one year.

The maturity analysis of borrowing is disclosed in note 19a).

e) Market Risk

Investments – All deposits will mature within a year, and, are at variable 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 2009/10 equated to 2%.

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 the variable element of the portfolio, each additional increase of 1% will have the following effect:

2008/09 £'000		2009/10 £'000
	External Debt	
97	Increase in interest payable on variable rate borrowings	90
(47)	Share attributable to the H.R.A.	(47)
	Investments	
(115)	Increase in interest receivable on variable rate investments	(168)

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

f) Foreign Exchange Risk

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

g) Price Risk

The authority does not generally invest in equity shares but does have shareholdings to the value of £2.775m in a number of joint ventures.

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

The shares are unquoted equity investments and are accounted for at the open book value. Details of these shareholdings can be found in note 25.

20 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 (see page 19).

	Balance 1/4/09	Use of provision	Additional provision	Balance 31/3/10
	£'000	£'000	£'000	£'000
Insurance provision	4,831	(3,790)	5,911	6,952
SY Trading Standards	3,007			3,007
Provision for claw back of grant	2,000			2,000
Section 117 Mental Health Act	871	(178)	95	788
Provision for 53 rd week payment	200		200	400
Unequal pay compensation claims	52		53	105
	10,961	(3,968)	6,259	13,252

Insurance - The insurance provision covers the estimated value of insurance claims for which the council believes it has a liability. Insurance claims are covered by external insurance policies, currently with Zurich Municipal, which limit the council's maximum liability on individual claims. These limits are:

Employers / Public Liability: £250,000
 Fire: £500,000 for schools and £100,000 for general buildings
 Schools balance of risk claims: £50,000
 Flood: £500,000

In addition to the excess on school fire insurance above, the insurers made the council 20% co-insurer for losses relating to properties of non-standard consortia construction, such as CLASP schools.

The council's self-insurance provision at 31st March 2010 of £6.952m consists of the following:

- a) for claims other than legal liability and employer liability 100% of outstanding claims is included;
- b) for legal liability and employer liability claims; for the years 2009/10 & 2008/09 the average percentage of claims paid against the value of outstanding claims has been included and for years 2007/08 & 2006/07 75% of the value of claims outstanding has been included and for other years 100% of the outstanding value has been included.

The claims settlement in 2009/10 was £6.575m of which £3.79m was previously provided for in the self-insurance provision at 31st March 2009.

South Yorkshire Trading Standards – In February 2006 the South Yorkshire Trading Standards Organisation was reviewed and found to be not financially viable and was subsequently closed down. Doncaster's share of the cost of recovering the financial losses incurred as well as the closure costs has been estimated at £3.007m. It is expected that the matter will be settled in 2010/11.

Provision for claw back of grant – Over a number of years, predominantly during the 1990's, the council applied for and received approval for Derelict Land Grant from English partnerships or Land Reclamation Programme grant from Yorkshire Forward for a number of projects throughout the borough. The approved projects had specific outcomes that mainly were the reclamation of council owned land and for an agreed after use for the land, e.g. industrial development site, public open space. The grant intervention rate was 100%.

As part of the grant conditions, on disposal or appropriation of the land or its bringing into use, the council had to repay grant based on the 'after value' of the land. The provision has been created to enable the council to fund potential repayment of grant of £2m. It is expected that the matter will be settled in 2010/11.

Section 117 Mental Health Act – The Government, via the High Courts, have decided that local authorities cannot charge any person receiving aftercare service under Section 117 of the Mental Health Act. The Director of Legal Services has advised that the council is required to take all reasonable measures to contact current and former service users who may have been charged for services under S117 of the Mental Health Act and to reimburse, with interest, those who have paid for such services. The council has ceased charging for such services. An initial provision of £2.223m was made to cover the estimate of the total amount due to be refunded. The council must retain adequate sums available to cover the necessary reimbursements. During 2009/10 the sum of £0.178m was reimbursed. The amount of the provision required has been reviewed and increased by £95,000 to cover all necessary remaining reimbursements, as new clients have been identified that were not originally accounted for. Due to the complexity of the issues involved settlement is likely to go on beyond 2010/11.

Provision for 53rd week payment – The provision has been established for the purpose of meeting costs that occur every five years but the impact of which should be reflected in the council's revenue account on an equal basis each year. A 53rd payment is made every five years and impacts on the fees payable to all independent care contractors as well as weekly paid employees who are paid on a Friday. The last 53rd payment was made in 2007/08 and the next is scheduled for 2012/13.

Unequal Pay Compensation Claims - This provision has been established for the purpose of meeting any costs relating to the compensation payable to employees who have a potential equal pay claim arising from the Single Settlement Agreement 1997. This represents ongoing costs associated with claims settled in previous financial years. It is expected that this will be settled in 2010/11. In addition a contingent liability has been recognised in Note 26d.

21 Reserves

The council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 1 April 2009 £'000	Net Movement in the year £'000	Balance 31 March 2010 £'000	Purpose of reserve	Further detail of movements
a) Revaluation Reserve	74,938	122,334	197,272	Store of gains on revaluation of fixed assets not yet realised through sales	See 21a on page 57
b) Capital Adjustment Account	939,838	(123,341)	816,497	Store of capital resources set aside to meet past expenditure	See 21b on page 57
c) Available-for-sale Financial Instruments Account	0	0	0	Store of gains on revaluation of investments not yet realised through sales	See 21c on page 58
d) Financial Instruments Adjustment Account	(1,660)	(97)	(1,757)	Balancing account to allow for differences in statutory requirements and proper practices for borrowings and investments	See 21d on page 58

Reserve	Balance 1 April 2009 £'000	Net Movement in the year £'000	Balance 31 March 2010 £'000	Purpose of reserve	Further detail of movements
e) Usable Capital Receipts Reserve	8,541	5,542	14,083	Proceeds of fixed asset sales available to meet future capital investment	See 21e on page 59
f) Pensions Reserve	(229,493)	(119,165)	(348,658)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 22 to the Core Financial Statements, page 62
g) General Fund	7,006	(1,687)	5,319	Resources available to meet future running costs for non-housing services	Statement of Movement on the General Fund Balance, page 25
h) Major Repairs Reserve	3,147	(2,592)	555	Resources available to meet capital investment in council housing	HRA Statements - Note 3 page 86
i) Earmarked Reserves	33,749	2,643	36,392	Voluntarily set aside to meet specific future spending plans	See 21i on page 59
j) Housing Revenue Account	6,265	130	6,395	Resources available to meet future running costs for council housing	HRA Statements - page 83
k) Collection Fund Adjustment Account	(82)	315	233	The difference between the Collection Fund surplus credited to the Income and Expenditure Account and the amount required by regulation.	Collection Fund accounting policy, page 10
l) Unequal Pay Back Pay Reserve	(52)	52	0	Amount deferred from being charged to the General fund	Note 21l on page 62
Total	842,197	(115,866)	726,331		

21a) Revaluation Reserve Account - This account was introduced by the SORP 2007 and contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated in the Capital Adjustment Account.

2008/09 Total		General Fund	2009/10 HRA	Total
£'000		£'000	£'000	£'000
100,054	Opening Balance as at 1st April	66,742	8,196	74,938
5,912	Asset revaluation gain	85,685	23,236	108,921
33,814	Accumulated depreciation write back on revaluation	18,863	14,870	33,733
(60,674)	Impairment loss on revaluation		(1,172)	(1,172)
	Transfers to Capital Adjustment Account			
(875)	Additional depreciation			
(1,035)	Disposals	(11,216)	(52)	(11,268)
(2,258)	Impairment	(198)	(7,682)	(7,880)
74,938	Closing Balance as at 31st March	159,876	37,396	197,272

21b) Capital Adjustment Account - This account was introduced by the SORP 2007, with opening balances being generated from transferring the 31st March 2007 balances on both the Capital Financing Account and the Fixed Asset Restatement Account. This account is a store of capital resources set aside to meet past expenditure.

2008/09 Total			2009/10 Total
£'000			£'000
1,105,871	Balance as at 1st April		939,838
	Financing capital expenditure		
9,647	Transfer from Capital Receipts Reserve		3,212
2,754	Direct revenue financing		1,255
159	Transfer from Earmarked Reserves		39
	Transfer from Major Repairs Reserve		
(13,502)	Depreciation on council dwellings	(12,616)	
738	Depreciation on non-dwellings	(362)	
15,024	Financing of HRA capital expenditure	15,097	
0	Revenue items funded by capital under statute	111	2,230
	Transfer from Revaluation Reserve		
875	Relating to depreciation	0	
1,035	Disposals – realised gain	11,268	
2,258	Impairment – realised gains	7,880	19,148
7,416	Minimum Revenue Provision		7,816
25,911	Deferred Capital Grants amortised during the year		9,220
(43,113)	Depreciation – General Fund		(31,097)
(160,422)	Impairment		(66,093)
	Net revenue items funded by capital under statute		
(3,580)	– exp written down in year		(469)
(12,967)	Disposals – write out of carrying value net of unamortised capital grant		(71,040)
0	Write down of finance lease		46
978	Write down PFI liabilities		1,532
756	Other		860
939,838	Balance as at 31st March		816,497

21c) Available-for-sale Financial Instruments Account - This account is intended to store gains on revaluation of investments not yet realised through sales. The shares held by the council are unquoted and there is no readily available market on which to value them. The shares have not, therefore, been revalued and are included in the accounts at open book value.

21d) Financial Instruments Adjustment Account - This account initially arose as a requirement from the SORP 2007 and was intended to be a balancing account to allow for differences in statutory requirements and proper practices for borrowings and investments. The opening balance comprises the premiums and discounts associated with debt restructuring exercises prior to 2007/08 that resulted in premiums and discounts in relation to the debt repaid. These gains and losses made will be charged to revenue in accordance with the regulations applicable at the time the repurchase took place.

Following problems experienced by a number of Icelandic banks regulations issued in March 2009 allow the council not to charge amounts relating to impaired investments to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations. The council has taken advantage of the regulations and has transferred the following amounts to the Financial Instruments Adjustment Account.

2008/09		2009/10
£'000		£'000
1,273	Opening Balance as at 1st April	1,660
(75)	Premiums and discounts charged to revenue in year	(55)
(96)	Landsbanki Islands accrued interest in year	(145)
558	Landsbanki Islands impairment of investment	297
1,660	Closing Balance as at 31st March	1,757

Under regulations the council must transfer the balance on the Financial Instruments Adjustment Account in respect of Landsbanki impairment to the General Fund no later than 31 March 2011, and must also credit the Financial Instruments Adjustment Account with interest earned until such time as the balance has been transferred to the General Fund. The council estimates that the following credits will be made to the Financial Instruments Adjustment Account in future years.

Bank	Balance on FIAA 31/3/09 £'000	Transfers during 2009/10 £'000	Transfers during 2010/11 £'000	Balance on FIAA 31/3/11 £'000
Landsbanki Islands	(462)	(152)	614	0

21e) The Usable Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years.

2008/09		2009/10
£'000		£'000
14,873	Balance as at 1 st April	8,541
4,644	Capital Receipts During Year	8,754
0	Proceeds from sale of long term investments	0
(1,329)	Capital Receipts Pooled	0
(9,647)	Less Capital Receipts used for Financing	(3,212)
8,541	Balance as at 31st March	14,083

21i) The council has Earmarked Reserves for specific purposes and these are detailed as follows:

	Balance 1.4.09	Use of earmarked reserves	Contribution to earmarked reserves	Transfers (from) / to General Reserves	Transfer between earmarked reserves	Balance 31.3.10
	£'000	£'000	£'000	£'000	£'000	£'000
Schools Balances:						
Surplus						7,773
Overdrawn						(976)
Net schools surplus	8,487	(1,769)	79	0	0	6,797
City Learning Centres	334	(70)	0			264
Borough Investment Fund	1,433	(3,034)	4,478		1,089	3,966
Council IT Fund	1,241	(2)	0		(293)	946
Invest to Save	400	(77)	0			323
Capital Flexible Budget -						
Neighbourhoods	213	(38)	0		(74)	101
Job Evaluation / Equal Pay	8,074	(8,074)	0			0
Work, Skills & Enterprise Programme	7,809	(1,356)	7,166		(1,675)	11,944
Flood Restoration Fund	1,020	(361)	0		(160)	499
Olympics Fund	1,000	(322)	0		(131)	547
White Rose Way	0	0	0		1,361	1,361
Supporting People	0	0	3,316		0	3,316
CYPS Contingency (Placements)	0	0	1,250		0	1,250
Pre Tenancy Support Pilot Scheme	0	0	433		0	433
Estimated loss on Icelandic Bank Deposit	0	0	0	614	0	614
CYPS VER costs 2007/08 and 2008/09	0	(229)	0	1000	(112)	659
Funded Commitments still required	2,549	(1,358)	272	(28)	(177)	1,258
Others	1,189	(619)	1,271	101	172	2,114
	33,749	(17,309)	18,265	1,687	0	36,392

Schools Balances

This reserve represents balances held by schools under delegated schemes. The Scheme of Financing Schools, prepared in accordance with the School Standards and Framework Act 1998, provides that under-spending and over-spending will accrue to the school and be added to any balance brought forward from a previous year and as a consequence balances from school budgets have been built up over many years. A claw back scheme was introduced with effect from 2007/08 where balances are subject to review if they exceed a percentage of the schools budget share after allowing for commitments.

City Learning Centres

One of the key elements of the Excellence in Cities programme is the establishment of a network of school-based City Learning Centres. These provide state of the art I.C.T. based learning opportunities for the pupils of the host school, for pupils at a network of surrounding schools and for the wider community. The earmarked reserve represents the under-spend being carried forward for use in future years and can only be used for the purposes and outcomes set out by the Department for Children, Schools and Families for City Learning Centres.

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.) over a 25 year timeframe.

Council IT Fund

This reserve has been established to ensure that high priority I.T. projects are delivered and is managed by the Council's E-Delivery Board. It is anticipated that this reserve will be utilised over a number of years.

Invest to Save

The council operate an Invest to Save fund to provide a pool of upfront funding to support investment and to enable step changes in service delivery / performance to be achieved. Initiatives that will reduce net budgeted expenditure through either increasing income, reducing costs and/or increasing efficiency to deliver cashable efficiencies whilst supporting the council in meeting its corporate objectives. A scheme should normally repay the advance within a period of three years. This reserve began to be utilised in 2009/10 and as repayments are made the funds can be recycled to new schemes.

Capital Flexible Budget – Neighbourhoods

This reserve was established as part of the 2007/08 budget setting process to provide the five Neighbourhood Areas with a specific capital funding allocation and to ensure that the specific needs of the Neighbourhoods can be met.

Job Evaluation / Equal Pay

This reserve was established to enable the council to implement its Pay and Rewards agenda and backdate payments to 1st April 2007. Job Evaluation was implemented and the reserve fully utilised in 2009/10.

Work, Skills & Enterprise Programme

This reserve was established from Local Enterprise Growth Initiative (L.E.G.I.) and Working Neighbourhoods Funds (W.N.F.) elements of the 2008/09 Area Based Grant that was not fully spent and further supplemented by under spending on these elements in 2009/10. This reserve will fund the development of the work, skills and enterprise programme, which supports the delivery of the Economic Strategy and closure of the output gap by delivering a customised approach to the needs of businesses, communities and individuals and also deliver the Local Area Agreement (L.A.A.) worklessness targets.

Flood Restoration Fund

This reserve was established from funding the council received from the Government's Restoration Fund following the U.K. Government's successful application for funding from the E.U. Solidarity Fund. The reserve is to provide funding for highways drainage maintenance, land drainage work and to complete repairs to bridges and related structures damaged during the June 2007 floods.

Olympics Fund

This reserve was established to ensure that the council has adequate and fit for purpose training and development facilities for the 2012 Olympics.

White Rose Way

This reserve is to provide an integral part of the funding for the design development work currently being undertaken for the White Rose Way capital scheme. It is anticipated that this reserve will be fully utilised by the end of 2010/11.

Supporting People

Following a vulnerable people needs assessment and development of new commissioning priorities in partnership with CYPS, Neighbourhoods and Adult Services, the Supporting People programme has a number of unmet commissioning priorities where there are identified gaps in provision. It is intended that the remaining under spends be used to address this unmet need and also to fund one off quick wins identified within the Comprehensive Area Assessment improvement plan for supporting vulnerable people.

CYPS Contingency (Placements)

This reserve was set up as part of the approval of the 2010/11 Revenue Budget. It was agreed that an under spend of £1.25m on Supporting People be retrained

and allocated to CYPS as a one off contingency. It is expected that this reserve will be fully used in 2010/11.

Pre Tenancy Support Pilot Scheme

This reserve has been created, from an under spend on Supporting People, in order to enter into a contract with M25 Housing & Support Group for the provision of a Pre-Tenancy Support Pilot Scheme for 16-25 year olds. It is expected that this reserve will be fully used by the end of 2011/12.

Estimated loss on Icelandic Bank Deposit

This reserve has been created to reflect the best estimate of the most likely loss on the council's £3m deposit in a failed Icelandic Bank. As a result of Government regulation the best estimate of the loss will be charged to revenue by means of a provision being set up in 2010/11. This earmarked reserve will be used as a funding source for this provision.

CYPS VER costs

This reserve is to be used to fund redundancy / VER costs in order to ensure that CYPS has a manageable budget for 2010/11. This reserve will be used over the years 2010/11 to 2012/13.

2007/08 and 2008/09 Funded Commitments still required

These reserves were established from carry forwards of unspent budgets in 2007/08 and 2008/09 to fund future expenditure commitments in 2009/10 but which are still required in 2010/11.

Others

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

21i) The Unequal Pay Back Pay Reserve represents an amount equal to the back pay which has been deferred from being charged to the General Fund under Regulation 30A powers pending actual payment of claims. This reserve was utilised in 2009/10.

22 Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Local Government Pension Scheme

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

the pensions liabilities with investment assets. The balances at any given time are subject to fluctuations in the value of assets and the investments made by the Pension Fund. A Pensions Reserve has been created for an amount equivalent to the Pensions Liability and this account will be adjusted to reflect the changes in the Pensions Liability each year.

The council recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, 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 retirement benefits is reversed out in the Statement of Movement in the General Fund Balance.

The council has given an undertaking to assume responsibility for liabilities relating to the Pension Fund relating to staff transferred to St Leger Homes of Doncaster 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 on pages 110 to 117. The following transactions relate to Doncaster Council staff only and have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

2008/09	Income and Expenditure Account	2009/10
£'000		£'000
	Net Cost of Services:	
23,611	Current service costs	16,355
79	Past service costs	14
1,785	Curtailment loss	598
	Net Operating Expenditure:	
49,835	Interest cost	48,998
(36,202)	Expected return on scheme assets	(28,596)
39,108	Net charge to the Income and Expenditure Account	37,369
	Statement of Movement in the General Fund Balance	
(39,108)	Reversal of net charges made for retirement benefits in accordance with FRS17	(37,369)
28,189	Employer's contributions payable to the South Yorkshire Pension Fund and retirement benefits payable direct to pensioners	29,762

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial loss of £111.558m (gain of £47.073m in 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a loss of £105.202m.

Assets and Liabilities in Relation to Retirement Benefits

Change in Benefit Obligation during period to 31st March:

2008/09		2009/10
DMBC		DMBC
£'000		£'000
	Benefit obligation (Liabilities) at 1st April	
814,659		691,906
23,611	Current service cost	16,355
49,835	Interest on Pension Liabilities	48,998
8,776	Member contributions	9,623
79	Past service cost	14
(179,055)	Actuarial (gains)/ losses on liabilities	231,104
1,785	Curtailment	598
(27,784)	Benefits / transfers paid	(29,561)
691,906	Benefit obligation (Liabilities) at 31st March	969,037

Change in Scheme Assets during period to 31st March:

2008/09		2009/10
DMBC		DMBC
£'000		£'000
	Fair value of plan assets at 1st April	
548,938		462,413
36,276	Expected return on scheme assets	28,596
(131,982)	Actuarial gains / (losses) on assets	119,546
28,189	Employer contributions	29,762
8,776	Member contributions	9,623
(27,784)	Benefits / transfers paid	(29,561)
462,413	Fair value of plan assets at 31st March	620,379

Part of the way that the Pension Liabilities are expected to be financed is through investment returns. The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy.

The actual return on scheme assets in the year for the council was a gain of £148.142m (a loss of £95.706m in 2008/09).

Scheme History

	2005/06	2006/07	2007/08	2008/09	2009/10
	£'000	£'000	£'000	£'000	£'000
DMBC					
Present Value of Benefit Obligation	(724,673)	(730,934)	(814,659)	(691,906)	(969,037)
Fair value of assets	513,199	556,100	548,938	462,413	620,379
Surplus / (deficit) in the scheme	(211,474)	(174,834)	(265,721)	(229,493)	(348,658)

The council has elected not to restate fair value of scheme assets for 2004/05 and 2005/06 as permitted by FRS17 (revised).

The liabilities show the underlying commitments that the council has in the long run to pay retirement benefits. The total liability of £348.658m has a substantial

impact on the net worth of the council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the council remains healthy insofar as the deficit on the scheme will be made good by increased contributions over the remaining life of employees, as assessed by the actuary. The total contributions expected to be made to the scheme by the council in the year to 31st March 2011 is £27.758m.

Basis for estimating assets and liabilities

To obtain the actuarial information for incorporation into this statement within the permitted timescale it has been necessary to make use of information held prior to the end of the financial year and, where appropriate, project it forward to 31st March 2010.

Because of the long-term nature of most defined benefit schemes and the inherent uncertainties affecting them, the liabilities of the scheme are measured on an actuarial basis. This involves estimating the future cash flows arising under the scheme liabilities based on a number of actuarial assumptions such as mortality rates, employee turnover rates, salary growth and the discounting of the cash flows at the appropriate rate.

The main actuarial assumptions used in their calculations have been:

Beginning of period		End of period
	Financial assumptions	
3.3%	Rate of inflation	3.3%
4.8%	Rate of increase in salaries	4.8%
3.3%	Rate of increase in pensions	3.3%
7.1%	Discount rate	5.6%
	Expected rate of return on assets	
7.5%	Equities	7.5%
4.0%	Government Bonds	4.5%
6.0%	Other Bonds	5.2%
6.5%	Property	6.5%
0.5%	Cash / Liquidity	0.5%
	The split of the assets between investment categories	
59.8%	Equities	64.6%
17.1%	Government Bonds	15.4%
7.5%	Other Bonds	7.9%
10.7%	Property	9.1%
4.9%	Cash / Liquidity	3.0%
	Life expectancy	
21.3 (24.1) years	- of a male (female) future pensioner aged 65 in 20 years time	21.3 (24.1) years
20.3 (23.2) years	- of a male (female) current pensioner aged 65	20.4 (23.2) years
	Commutation of pension for lump sum at retirement	
	50% take maximum cash, 50% take 3/80ths cash	

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

2008/09 DMBC £'000		%		2009/10 DMBC £'000		%
276,523	59.8	- Equities		400,766	64.6%	
79,073	17.1	- Government Bonds		95,538	15.4%	
34,681	7.5	- Other Bonds		49,010	7.9%	
49,478	10.7	- Property		56,454	9.1%	
22,658	4.9	- Cash / Liquidity		18,611	3.0%	
462,413		Total assets		620,379		

History of experience gains and losses

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

	2009/10		2008/09 Restated		2007/08 Restated		2006/07		2005/06	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Actual Gains / (Losses) on Assets										
DMBC	119,546	19.3	(131,982)	(28.5)	(53,268)	(9.7)	4,696	0.8	73,237	14.3
Actual Gains / (Losses) on Liabilities										
DMBC	0	0	0	0	(19,012)	(2.3)	0	0	(8,912)	(1.2)

Further information can be obtained from the South Yorkshire Pensions Authority's annual report, which will be available on request from 18 Regent Street, Barnsley S70 2HG.

23 West Yorkshire Superannuation Fund

Payments in 2009/10 totalling £0.097m (£0.109m in 2008/09) 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.

24 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 2009/10, the council's contribution to the Department for Children, Schools and Families in respect of teachers' retirement benefits was £12.828m (£12.982m in 2008/09), which represents 14.1% of teachers' pensionable pay (14.1% in 2008/09). In addition a further sum of £3.008m (£2.886m in 2008/09) 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.

25 Related Businesses and Companies

The Council maintains involvement with a number of related businesses and companies. The assets and liabilities of these companies are not included in the Council's accounts. Information has been provided about the shareholding, general purposes of the companies, the proportion of the Council's shareholding and the sum of any dividends received, where applicable. Unless otherwise stated, there were no significant debts between Doncaster Council and the companies listed at 31st March 2010.

Arthur Street Developments

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

Donbac, Doncaster Chamber of Commerce and Industry and Barnsley and Doncaster Training and Enterprise Council formed the company in 1992 to purchase land and build offices for use. The offices were completed in 1994 and the company receives rental income. The company has developed a new site that is rented and used as a business innovation centre.

The audited accounts for the year ended 31st July 2009 show net assets valued at £1,001,911 (£2,355,287 in 2007/08). The company made a profit for the year of £116,311 before tax, £112,400 after tax (a profit of £213,095 before tax, £185,095 after tax in 2007/08). The Council has waived its right to dividends on preference shares since 2004/05, however, no such waiver has been made for 2007/08 and 2008/09 so the dividends are due. Preference dividend of £95,760 for the years 2000/01, 2001/02, 2002/03 and 2003/04 remains unpaid as a result of preference shareholders agreeing to defer the dividends.

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

BDR Property Ltd (Formerly called Arpley Gas Ltd)

The Council has 8.251% of the share capital.

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

The audited accounts for the year ended 31st December, 2008 show net assets of £5,047,000. The company made a profit of £47,000 before and after tax in 2008. No dividends were paid in 2008.

The company was dormant during the financial year ended 31st December, 2007. On 27th February, 2008 the Company by way of a special resolution, changed its name with effect from 16th March, 2008 to BDR Property Limited. On 27th February, 2008, a Joint Venture agreement was entered into between the Company's shareholders, Waste Recycling Group Limited, Barnsley Metropolitan Borough Council, Doncaster Metropolitan Borough Council and Rotherham Metropolitan Borough Council (the 'shareholders'), whereby the Company, subject to certain conditions would acquire from BDR Waste Disposal Limited the freehold and leasehold property known as Thurcroft landfill site. This transaction had not been completed at the year end.

The council owes £405,037 in relation to the shares acquisition.

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

Conisbrough and Denaby Development Trust

This is a company limited by guarantee.

The company was formed in 1995 to promote and provide employment opportunities and work experience together with educational and social welfare facilities.

The audited accounts for the year ended 31st December 2008 show net assets valued at £37 (£35,043 in 2008). The company made a loss for the year of £35,006 before and after tax (a loss of £30,833 before and after tax in 2007). No dividend has been paid. The Terrace, a restaurant run by the trust, also occupies Council-owned premises.

The accounts of the company may be obtained from The Company Secretary, The Terrace, Castle Avenue, Conisbrough, Doncaster DN12 3BT.

Dearne Valley Leisure Trust

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

The company's principal activity is the operation of the Dearne Valley Leisure Centre that opened at the beginning of May 2002.

The audited accounts for the year ended 31st March 2009 show net assets of £222,530 (£244,082 in 2007/08). The Trust's net outgoing resources in 2008/09 were £37,552 (net incoming resources of £102,270 in 2007/08).

The Council makes a contribution to support the charitable activities operated by the company. The amount paid to the company in 2009/10 was £171,625 (£171,625 in 2008/09).

The accounts of the company may be obtained from The Company Secretary, Dearne Valley Leisure Centre, Doncaster Road, Mexborough, Doncaster S64 0LB.

Digital Region

The Council has a 6/70ths share in the company.

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

The draft accounts for the year ended 31st March, 2010 show net assets of £272,000 (£1,000 as at 31st March 2009). The company made a loss of £583,000 before and a profit of £270,000 after tax in 2009/10 (no profit or loss before or after tax in 2008/09). No dividends have been declared.

The Council has agreed to make a £2m loan to the company.

There were no intercompany transactions during the financial year ending the 31st March, 2010.

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

Donbac Ltd

This is a company limited by guarantee. In August 2008 the company changed its name from Donbac Finance Limited to Donbac Limited.

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

The draft accounts for the year ended 31st March 2009 show net assets valued at £1,897,053 (£2,044,555 in 2007/08). The company made a loss for the year of £161,267 before tax, £147,502 after tax (a profit of £178,868 before tax, and £165,103 after tax in 2007/08). No dividend was paid.

The council has entered into a contract with Donbac to manage £400,000 loan fund on behalf of the council. The loan fund is used to help small and medium sized enterprises in the local area. Donbac were paid £43,762 to manage the fund in 2009/10 (£0 in 2008/9).

The financial accounts of the company may be obtained from The Company Secretary, ICON First Point, Balby Carr Bank, Doncaster DN4 5JQ.

Doncaster Community Solutions Ltd

The Council has 5% of the share capital.

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

The draft accounts for the year ended 31st December 2009 show net liabilities of £281,000 (net assets of £63,000 in 2008). The company made a loss for the year of £343,000 before tax, £344,000 after tax (a profit of £298,000 before tax, £296,000 after tax in 2008). No dividend is recommended.

The Council has provided a subordinated loan debt of £136,000. The company's accounts state that the loan carries a coupon of 10% and is repayable in quarterly instalments that commenced on 30 June 2007 and are due to end on 31 December 2031.

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

Doncaster Dome Leisure Trust

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

The company's principal activity is the operation of the Leisure Complex, "The Dome".

The audited accounts for the year ended 31st March 2009 show net assets of £335,018 (£301,054 in 2007/08). The Trust's net outgoing resources in 2008/09 were £33,964 (net outgoing resources £60,739 in 2007/08).

The Council supports this company by making grants to the Doncaster Leisure Trust to support charitable activities operated by the company at the Dome. Grant paid to the Trust in 2009/10 totalled £360,000 (£252,124 in 2008/09).

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

Doncaster Racecourse Management Company

The Council has 190 shares of £1 each, which is 19% of the share capital. The Council has made a share premium payment of £2m, which was used to help fund the cost of the Grandstand redevelopment.

The company was formed on 1st January 2006 to develop and operate the Racecourse.

The draft accounts for the year ended 31st December 2009 show net assets valued at £8,229,290 (£9,454,457 in 2008). The company made a loss for the year of £1,223,279 before and after tax (a loss of £896,150 before and after tax in 2008). Cumulative losses to 31st December 2009 amount to £3,771,710. No dividend has been paid. Over the first 30 years of the racecourse's operation the Council will receive 7.5% of profits.

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

Doncaster Venture Capital

The company repurchased 40% of its share capital in 1999/2000. In 2003/04, 2004/05 and 2005/06 the company repurchased 50% of its shares. From August 2005 the nominal value of the Council shareholding is £3,000 out of a total of £113,850.

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

The audited accounts for the year ended 31st March 2009 show net assets valued at £153,305 (£157,644 in 2007/08). The company made a loss of £4,339 before and after tax (a profit of £11,533 before and after tax in 2006/07). No dividend was paid in 2007/08.

The accounts of the company may be obtained from The Company Secretary, Sidings Court, Lakeside, Doncaster DN4 5NU.

Doncaster 2000 Ltd.

The company is now dissolved and was struck from the Companies Register at Companies House on 6th April, 2010.

Ground Work Dearne Valley

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

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

The audited accounts for the year ended 31st March 2009 show net liabilities of £191,802 (net liabilities of £197,414 in 2008). The company made a profit for the year of £17,420 before and after tax (a loss of £31,838 before and after tax in 2007/08). No dividend was paid.

In 2008/09 payments were made to the company for work undertaken totalling £136,980 (£8,949 in 2007/08). Payments made to the Council from Groundwork Dearne Valley totalled £69,267 (£104,077 in 2007/08). The Council did not make a contribution to the company in 2008/09 or 2007/08.

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

Ivanhoe Trust

The Ivanhoe Trust have not operated since 31st October 2008 and applied to be struck off the Companies House register in January 2009. The company was limited by guarantee and, therefore, had no share capital.

In 1988 the Trust formed a joint venture with English Heritage for the management of Conisbrough Castle. English Heritage has the statutory responsibility for ancient monuments and in March 2008 took the decision to directly manage Conisbrough Castle with the aim of improving the management arrangements. In April 2008 Ivanhoe Trust staff transferred to English Heritage.

In 2009/10 the Council paid a sum of £50,000 to English Heritage to ensure no diminution of the service to the public.

The Ivanhoe Trust had been a participating pension scheme employer in the South Yorkshire Pension Fund. Since the transfer of staff to English Heritage in April 2008 the Trust had no active scheme members and subsequently incurred closure costs of £58,500, which they were unable to meet. As guarantor, the Council was liable and payment was made to South Yorkshire Pension Authority in 2008/09.

Lakeside Sports Complex, Stadium Management Company, Keepmoat Stadium

This is a Limited Liability Partnership (LLP).

The company's principal activity is the operation of the stadium, which opened in December 2006.

The audited accounts for the year ended 30th June 2009 show net liabilities valued at £1,680,015 (£1,943,493 in 2007/08). The company made a profit for the year of £263,478 before and after tax (a loss of £937,134 before and after tax in 2007/08).

The Council maintain surrounding grounds and cover insurance for the facility in recognition that the stadium is a community facility.

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

St Leger Homes of Doncaster Ltd

This is a company limited by guarantee and does not have any share capital. The Council is the sole member and undertakes, in the event of the organisation being wound up, to contribute such amount as may be required for the payment of the debts and liabilities of the company and after satisfaction of all the debts and liabilities the remaining assets will be transferred to DMBC Housing Revenue Account.

It was formed on 1st October 2005 to provide housing management and other services on behalf of the Council. The Council paid St Leger Homes Ltd a management fee of £33.0m in 2009/10 (£33.1m in 2008/09) for it to manage and maintain the Council's Housing Revenue Account stock on its behalf and manage the Housing General Fund capital programme. St Leger Homes Ltd used £3.4m (£3.46m in 2008/09) of this management fee to buy back services from the Council under a service level agreement including grounds maintenance, transport, safety wardens, drainage and jetting services and information services. In addition to the management fee St Leger Homes also received £7.65m (£7.19m in 2008/09) relating to recharges for capital schemes.

The total housing capital programme expenditure for 2009/10 was £66.15m (£73.5m in 2008/09) of which £57.31m (£70.1m in 2008/09) was on HRA properties and £8.84m (£3.4m in 2008/09) on non-HRA properties.

St Leger Homes of Doncaster Ltd is also included within the group accounts section of this document.

Its draft accounts for the year ended 31st March 2010 are shown below:

Profit and Loss Account for the year ended 31st March 2010

Year ended 31/3/09 £'000		Year ended 31/3/10 £'000
41,196	Turnover	41,354
(36,970)	Cost of sales	(35,233)
4,226	Gross Profit	6,121
(5,656)	Administrative expenses	(5,258)
(3,083)	Charge of pension reimbursement right	11,869
(4,513)	Operating Profit / (Loss)	12,732
(423)	Finance cost on Pension Scheme Liability	(798)
(4,936)	Profit / (loss) on ordinary activities before taxation.	11,934
0	Tax on Profit / (Loss) on Ordinary Activities	0
(4,936)	Profit / (loss) on ordinary activities after taxation.	11,934

Balance sheet as at 31st March 2010

Year ended 31/3/09			Year ended 31/3/10	
£'000	£'000		£'000	£'000
		Current assets		
3,317		Debtors	3,281	
2,246		Stock and work in progress	3,530	
4		Cash in hand	4	
	5,567			6,815
		Current liabilities		
(4,994)		Creditors	(6,587)	
(1,239)		Bank Overdraft	(228)	
	(6,233)			(6,815)
	(666)	Net Current liabilities		0
		Total assets less current liabilities		0
	0	Provisions for liabilities and charges		0
		Net liabilities excluding pension liabilities		0
(6,385)		Pension liabilities	(18,254)	
6,385		Pension related asset	18,254	
	(666)	Net liabilities including pension liabilities		0
		Capital and Reserves		
	(666)	Profit and loss account		0

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

26 Contingent Liabilities / Assets

A contingent liability / asset is a possible liability / 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 control. Where a material loss can be estimated with reasonable accuracy a liability is accrued in the financial statements, by means of a provision. If, however, the event is not considered sufficiently certain or a loss cannot be accurately estimated it will be disclosed as a contingent liability / asset in a note to the balance sheet.

- a) The Keepmoat Stadium, a multi-activity stadium at Lakeside, is managed by the Stadium Management Company. At the present time the council has guaranteed an overdraft facility for the value of £1,000,000 (£1,000,000 at 31st March 2009). This means that the stadium can go overdrawn by this amount and be charged interest. This overdraft facility is being extended until 31st March 2011. There is low risk that this will be breached. Should the Stadium Management Company be wound up or go into administration, the council would meet any losses incurred. However there is no reason to believe this situation would arise in the foreseeable future.
- b) The council has been made aware of a potential claw back of EU funding against the South Yorkshire e-learning Programme (SyeLP), a project that was managed by a partnership of the four local authorities in South Yorkshire.

Details are still being obtained and it is not possible at this time to determine whether or not, and to what extent, this claim may impact on the council's finances.

- c) The council fully implemented its pay and rewards review from 1st December 2009 (back dated to 1st April 2007). This covered all employees on the NJC terms and conditions of employment. Following implementation employees have the right to appeal against the decision of their new salary grade. The total number of appeals to be considered is 1,032 and this impacts on 3,149 employees as some jobs have in excess of 200 employees. The indicative timescale for bringing all appeals to a conclusion is early 2012. At this time it is not possible to know the outcome of these appeals and quantify any potential cost to the council.
- d) The council has received 512 equal pay claims that relate to the pay structure in place prior to the implementation of the pay and rewards review. There is a significant risk of further claims being received. At this time it is not possible to know the outcome of these claims and quantify any potential cost to the council. This is in addition to the provision of £0.105m on page 53.
- e) As mentioned in note 25 (Related Businesses and Companies) to the accounts. The council has an interest in Digital Region Limited. There is a financial risk contingent on the future financial performance of the company. It is not possible to estimate with any certainty the likely financial impact of this at present.
- f) A contractor has indicated their concerns over the council's purchasing and contracting procedures and may take further action. At this time it is not possible to determine whether or not further action may be taken and to the extent that any potential action may impact on the council's finances.
- g) To satisfy the auditors of St Leger homes of Doncaster Ltd (SLH) that the company is a going concern, the Council has issued a letter of support to SLH that guarantees the full amount of the pensions' deficit. The actuary has assessed this deficit at £18.3m as at 31/3/10, and this sum is included within the FRS 17 liability shown in the group's accounts. However as the Council considers it unlikely that this guarantee will be exercised, the £18.3m is disclosed as a contingent liability in the Council's own accounts. As part of the set-up of SLH, the Council specifically agreed that the pensions' deficit for staff transferring on 1 October 2005 remained with the Council. This deficit was £10.7m at 1/10/05 and should form part of the Council's FRS 17 liability. However as this deficit reduces over time (as staff leave SLH or retire) the remaining deficit as at 31/3/10 cannot easily be estimated, and so has not been included within the Council's FRS 17 figure. It is however disclosed as part of the £18.3m contingent liability above.

27 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 1.4.09 £'000	Net Movement £'000	Balance 31.3.10 £'000
Children and Young Persons Money held on behalf of clients	78.4	(13.0)	65.4
Adults Money held on behalf of clients and client estates	868.8	347.8	1,216.6
Education Prize Funds These use interest received on donations to provide prizes and grants at schools in the Authority	236.3	(1.9)	234.4
Youth Clubs Youth clubs monies held by the authority	108.2	0.3	108.5
Clayton Park A fund set up from sale proceeds to be used for the benefit of the aged in Mexborough	21.5	0.2	21.7
Museum and Libraries Bequests Donations to the services, the interest on which is used to purchase exhibits and publications	6.3	0.1	6.4
Conisbrough Miners Welfare Amounts to be used for the provision of a community centre for the inhabitants of Conisbrough	2.4	0.0	2.4
Parish Investments Amounts invested on behalf of parish councils	1.4	0.0	1.4
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.	61.7	(19.6)	42.1

28 Reconciliation of Net Deficit / (Surplus) on the Income and Expenditure Account to activities net cash flow in the statement.

2008/09			2009/10	
£'000	£'000		£'000	£'000
	(185,714)	General Fund (deficit) / surplus for the year		(129,317)
		Non Cash Transactions		
215,893		Depreciation & Impairment	112,616	
(25,966)		Deferred grants amortised in year	(9,220)	
12,106		Pension Fund adjustments	7,607	
343		Contributions to Provisions	2,291	
(387)		Other non cash financial instrument adjustments	0	
(1,664)		Other non cash adjustments	1,500	
	200,325			114,794
		Adjustment for items reported separately on Cash Flow		
(3,476)		Interest and investment income	(828)	
0		Dividends from companies	(405)	
19,122		Interest payable and similar charges	19,917	
7,306		Revenue items funded from capital under statute	468	
8,951		(Gain) or loss on disposal of fixed assets	39,858	
		Less Items on an accruals basis		
89		(Increase)/Decrease in Stocks	(95)	
(11,905)		(Increase)/Decrease in Debtors	5,431	
1,948		Increase/(Decrease) in Creditors	(3,587)	
	22,035			60,759
	36,646	Net Cash Inflow / (outflow) from operating activities		46,236

29 Analysis of Net Debt

Short-term resources comprise of funds invested with various financial institutions for fixed time periods of up to 365 days

	Cash	Temporary investments & short term deposits	Major Precept ors & NNDR	Loans due within one year	Loans due after more than one year	Deferred Liabilities	Net Debt
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2009	(6,014)	12,980	3,386	(5,681)	(337,401)	(62,827)	(395,557)
Cash flow changes in year	(3,678)	770	10,439	(14,038)	(9,072)	2,451	(13,128)
Other non cash changes	0	0	0	(1,527)	0	(199)	(1,726)
Balance 31 March 2010	(9,692)	13,750	13,825	(21,246)	(346,473)	(60,575)	(410,411)

30 The movement in cash reconciled to the movement in net debt.

	2009/10
	£'000
Increase / (Decrease) in cash in year	(3,678)
Cash inflow / (outflow) from management of liquid resources	11,209
Cash inflows	
New loans raised	(315,850)
Cash outflows	
Loans repaid	292,740
Deferred liabilities repaid	2,451
	295,191
Change in net debt resulting from cash flows	(13,128)
Non cash changes	(1,726)
Net Debt at 1 April 2009	(395,557)
Net Debt 31 March 2010	(410,411)

31 Reconciliation of items under the Financing and Management of Liquid Resources section to the opening and closing Balance Sheets.

	31 March 2010	31 March 2009	Change in
	£'000	£'000	year
			£'000
Temporary investments	13,750	12,980	770
Short term deposits	0	0	0
Debtors relating to Major Preceptors & NNDR	13,825	3,386	10,439
Cash	2,951	1,124	1,827
Bank overdraft	(12,643)	(7,138)	(5,505)
Increase / (Decrease in year)	17,883	10,352	7,531

32 Analysis of Other Government Grants

2008/09	Fund/Grant	2009/10
£m		£m
167.7	Dedicated Schools Grant (DSG)	172.2
28.5	Area Based Grant	30.7
21.7	Standards Fund Grant (DFES)	18.5
17	Learning Skills Council Grant	16.8
10.6	Supporting People Grant	16.3
10	Sure Start	10.9
9.4	School Standards Grant	9.0
1	PFI Annuity Grant	3.5
2.7	Benefits Admin Grant	3.1
2.6	New Deal Grant	2.3
1.2	Housing Subsidy	2.1
0	Renovation Grants	1.5
1.2	Home Office - Asylum Seekers	1.2
0.8	Youth Justice Board	1.1
0.5	TTA Graduate Teacher Partnership	0.6
0	Think Family Grant	0.5
0	PSA Reward Grant	0.5
0	Change Team Grant	0.5
0.1	Home Office - Homelessness	0.5
0	Training Development Agency	0.4
0.2	Home Office Grant	0.4
0.3	Youth Opportunities	0.4
0.1	Department of Health	0.4
0.4	NNDR Costs of Collection Allowance	0.4
0	Department of Culture, Media and Sport	0.3
0	Health Authority Grants	0.3
0	Diploma Grant	0.3
0.1	Pathfinder	0.3
13.9	Other	3.0
290.0		297.8

33 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Children, Schools and Families (DCSF), the Dedicated Schools Grant (DSG). 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 2008. 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 2009/10 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2009/10			169,167
Brought forward from 2008/09			762
Carry forward to 2010/11 agreed in advance (overspend)			(196)
Agreed budgeted distribution in 2009/10	24,766	144,967	169,733
Less			
Actual central expenditure	(24,303)		(24,303)
Actual ISB deployed to schools		(146,473)	(146,473)
Carry Forward to 2010/11 (under spend on budget)	463	(1,506)	(1,043)
Less over spend carried forward to 2010/11 referred to above			196
Net carry forward to 2010/11			(847)

34 Undischarged obligations arising from PFI and similar contracts

In 2007/08 the council committed to making payments estimated at £5.8m per annum under a contract with Doncaster School Solutions for the provision of two secondary PFI schools. The actual level of payments will be inflated each year. The contractor payments began in December 2008 (£1.904m in 2008/09), with actual payments of £5.772m in 2009/10.

Prior period adjustment (See Note 1 Page 30)

	Unadjusted balance sheet at 31 March 2009 £'000	Removal of existing residual interest £'000	Recognition of PFI assets £'000	Restated balance sheet at 31 March 2009 £'000
Residual interest in constructed PFI assets	147	(147)	48,475	48,475
Less depreciation			(404)	(404)
Operational assets : other land and buildings	147	(147)	48,071	48,071
PFI Reserve	(147)	147		
Liability arising from PFI contracts			48,475	48,475
Less Finance lease – principal repayment			(1,126)	(1,126)
Current liabilities: Finance lease principal repayment due within one year			1,532	1,532
Long Term Liabilities: Deferred Liabilities (Finance Lease Liability)			45,817	45,817

PFI Contracts

	31 March 2009 (restated) £'000	31 March 2010 £'000
48,475 Operational assets: other land and buildings		48,071
Movement in year:-		
(404) Depreciation		(1,212)
Transfer of Sir Thomas Wharton College to Trust status		(23,997)
Add back depreciation		800
48,071 Net Book Value (see Note 9)		(23,662)
Current liabilities: Finance lease principal repayment due within one year (see Note 19)	1,532	1,394
Long Term Liabilities: Deferred Liabilities (Finance Lease Liability) (see Note 19)	45,817	44,423
Movement in year:-		
Finance lease – principal repayment		(1,532)

The analysis of the amounts due going forward are shown below with the contract due to expire in 2033/34.

Details of payments due to be made under PFI and similar contracts

	Sir Thomas Wharton College (See Note below)		Mexborough Science College			
	Unitary charge	Repayment of liability	Interest	Service charge	Lifecycle replace- ment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 year	2,907	704	902	1,260	100	2,966
Within 2-5 years	11,947	3,212	3,310	5,363	301	12,186
Within 6-10 years	15,708	4,377	3,399	7,493	752	16,021
Within 11-15 years	16,673	4,070	2,545	8,478	1,913	17,006
Within 16-20 years	17,765	5,902	1,671	9,592	955	18,120
Within 21-25 years	13,810	4,870	409	7,832	975	14,086
Total	78,810	23,135	12,236	40,018	4,996	80,385

Note – Sir Thomas Wharton College transferred to Trust Status with effect from 1st March 2010 and so the asset is no longer recognised on the Doncaster Council balance sheet. The unitary charge will continue to be paid by Doncaster Council over the remaining contract period with the liability shown under the unitary charge heading.

35. Post Balance Sheet Events

In his budget statement on 22 June 2010, the Chancellor announced that from April 2011 the government would start to increase public service pensions in line with the consumer price index (CPI) rather than the retail price index (RPI), which has been the practice in the past. As a result, future pension increases under the South Yorkshire Pension Fund/Teachers' Pension Scheme are expected to be slightly lower, on average, than would have been the case if this change had not been made. This change is estimated to reduce the FRS17 liabilities by between 5% and 8% for most employers. A more precise financial effect will be given in the FRS17 figures published in the statement of accounts for the financial year ending 31 March 2011.

Housing Revenue Account 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 Ltd., an Arms Length Management Company, limited by guarantee and wholly owned by the Authority.

2008/09 £'000	Notes	2009/10 £'000	2009/10 £'000
Income			
(55,712)		(57,454)	
(752)		(761)	
(769)		(742)	
(3,490)		(2,494)	
(1,235)	7	(2,058)	
(61,958)			(63,509)
Expenditure			
18,012		15,344	
19,242		21,394	
471		444	
	5		
12,764		12,616	
738		362	
124,994	6	13,347	
11		15	
229		302	
176,461			63,824
114,503			315
Net cost of HRA Services as included in the whole authority Income and Expenditure Account			
265			265
114,768			580
HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account			
385			185
(296)			0
10,353			10,646
(507)			(67)
124,703			11,344
(Surplus) / deficit for the year on HRA services			

Statement of Movement on the Housing Revenue Account Balance

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.

2008/09 £'000	Notes	2009/10 £'000
124,703		11,344
	(Surplus)/ Deficit for the Year on HRA Income and Expenditure Account	
(123,418)	Net additional items required by statute and non-statutory proper practices to be debited or (credited) to the HRA Balance for the year.	(11,474)
	(Increase) or decrease in the Housing Revenue Account Balance	
1,285		(130)
(7,550)	Housing Revenue Account balance brought forward	(6,265)
(6,265)	Housing Revenue Account balance carried forward	(6,395)

Note to the Statement of Movement on the HRA Balance

Items included in the HRA Income and Expenditure Account but excluded from the Movement on HRA Balance for the year

(15)	Difference between amounts charged to HRA I&E for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	(36)
(125,732)	Impairment of fixed assets.	(13,347)
2,441	Government Grants Deferred amortisation	1,767
(385)	Net (loss) / profit on sale of HRA fixed assets	(185)
296	Other Income – Right to Buy discount repayments	0
(127)	Revenue items funded by capital under statute less associated grant and contribution	(111)
	Items not included in the HRA Income and Expenditure Account but included in the Movement on HRA Balance for the year	
0	Transfer to / (from) Major Repairs Reserve	(362)
104	Capital expenditure funded by the HRA	800
(123,418)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(11,474)

Notes to the Housing Revenue Account

- 1(i) As at the 31st March, 2010, the council was responsible for the management of 20,857 dwellings, made up as follows:-

As at 31.03.09		As at 31.03.10
16,951	Houses and bungalows	16,875
2,591	Low-rise flats and maisonettes	2,562
1,421	Medium and high-rise flats	1,420

1(ii) Movement of Fixed Assets

The balance sheet values of property within the H.R.A. were as follows:-

2008/09 Total	Council Dwellings	Other Operational Land & Buildings	Vehicles Plant & Equip- ment	Infrastr- ucture Assets	Comm- unity Assets	Non- Operat- ional Assets	2009/10 Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
876,267	705,148	10,820	4,445	232	2,197	18,064	740,906
0	(1,379)	(3,134)			952	3,561	0
69,071	59,559	48	200	252			60,059
(17,789)	23,031	137				68	23,236
(3,004)	(714)	(282)					(996)
(183,639)	(9,202)	(22)					(9,224)
740,906	776,443	7,567	4,645	484	3,149	21,693	813,981
(28,186)	(14,775)	(681)	(2,917)	(76)	0	0	(18,449)
0		272				(272)	0
(13,502)	(12,616)	(203)	(154)	(5)			(12,978)
25,268	14,775	93				2	14,870
(2,029)	7	14					21
(2,029)	(5,231)	(48)		(14)			(5,293)
(18,449)	(17,840)	(553)	(3,071)	(95)	0	(270)	(21,829)
722,457	758,603	7,014	1,574	389	3,149	21,423	792,152

Valuation of Fixed Assets

3,881	Valued at historic cost		1,574	389	3,149		5,112
718,576	Valued at current value	758,603	7,014			21,423	787,040
	Net Book Value as at 31 st March	758,603	7,014	1,574	389	3,149	21,423
722,457							792,152

- 2 The vacant possession value of dwellings within the H.R.A. following annual revaluation as at 1st April, 2009, was £1,501m. The opening balances, pre revaluation, have been restated following analysis of HRA stock. A difference arises between vacant possession valuation (£1,501m) and balance sheet (£759m) values because the latter represents the social housing value of tenanted dwellings. The difference (£742m) indicates the economic cost to Government of providing council housing at less than open market rents.
3. A Major Repairs Reserve is held in accordance with statute utilising an annual allowance received as part of Housing Subsidy for capital expenditure. The movements on the reserve were as follows:-

2008/09 £'000		2009/10 £'000
(5,407)	Balance as at 1st April	(3,147)
(13,502)	Transfer from Capital Adjustment Account	(12,978)
738	Transfer from MRR to HRA – depreciation on non-dwellings	362
15,024	Financing of capital expenditure	15,097
0	Revenue Expenditure Funded from Capital Under Statute	111
(3,147)	Balance as at 31st March	(555)

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

2008/09 Total		Council Dwellings	Other Operational Land & Buildings	Vehicles Plant & Equipment	Comm- unity Assets	2009/10 Total
£'000		£'000	£'000	£'000	£'000	£'000
69,071	H.R.A. Capital Expenditure	59,559	48	200	252	60,059
	Capital Financing Sources:-					
45,998	Borrowing (Supported Capital Expenditure)	39,000				39,000
707	Government Grants	18		91		109
5,253	Non Departmental Public Bodies grant	3,493	2		238	3,733
15,024	Major Repairs Reserve	15,083			14	15,097
886	Usable Capital Receipts					0
1,103	External Contributions	1,110	46	109		1,265
0	Section 106	55				55
100	Revenue Contributions	800				800
69,071	Total	59,559	48	200	252	60,059

- 4(ii) During 2009/10 total capital receipts from the disposals of land, houses and other property within the H.R.A. amounted to £0.969m and is analysed as follows:

2008/09 £'000	Receipts Description	2009/10 £'000
3,015	Houses (Council Dwellings)	943
3	Land	26
3,018	Total	969

- 5 Depreciation was calculated on only the building element of the land and building value. The depreciation charged to the HRA assets in 2009/10 financial year was £12.978m (£13.502m in 2008/09). In addition cumulative depreciation on revalued assets of £14.870m (£25.268m in 2008/09) was written back to the Revaluation Reserve.
- 6 The impairment of £13.347m is due to a combination of houses that have been demolished and houses where a decision has been made to demolish in the future.
- 7 Housing Revenue Account (H.R.A.) Subsidy income comprised the following:-

2008/09 £'000		2009/10 £'000
11,995	Management Allowance	12,424
22,311	Maintenance Allowance	22,228
12,764	Major Repairs Allowance	12,616
11,806	Charges for Capital	11,874
(57,652)	Guideline Rent Income	(57,255)
(6)	Interest on Receipts	(5)
1,218		1,882
17	Prior Year Adjustment	176
1,235		2,058

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

31 st March 2009 £'000		31 st March 2010 £'000
1,817	Former Tenants Rent Arrears	1,848
1,531	Current Tenants Rent Arrears	1,592
3,348	Total	3,440

The bad debt provision in respect of all un-collectable rent arrears was £1,307,249 (£1,243,118 in 2008/09). The aggregate balance sheet provision in respect of all un-collectable debts relating to the Housing Revenue Account was £1,695,521 (£1,639,195 in 2008/09).

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.

2008/09		Notes	2009/10
Restated			£'000
£'000			£'000
Income			
(87,957)	Income from Council Tax	1	(90,572)
	Transfers from General Fund:		
(18,362)	- Council Tax Benefits		(21,075)
(40)	- Local Exemption - Floods	5	(10)
(77,067)	Income collectable from business ratepayers	2	(77,180)
(183,426)	Total Income		(188,837)
Expenditure			
	Precepts and Demands:	4	
88,084	- Doncaster Council		92,199
10,488	- South Yorkshire Police Authority		10,871
4,746	- South Yorkshire Fire and Rescue Authority		4,943
	Business Rates:		
76,701	- Payment to national pool		76,812
365	- Costs of collection		368
	Bad and doubtful debts:		
1,237	- Provisions	3	988
	Contributions:		
1,244	- Towards previous year's collection fund surplus		2,656
0	- Adjustment of previous years' Community Charges		
182,865	Total Expenditure		188,837
(561)	Movement on fund balance		0
561	(Surplus)/Deficit brought forward 1st April		0
0	(Surplus)/Deficit carried forward 31st March		0

Notes to the 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 Exemptions and Discounts	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwelling	Council Tax 2009/10 (Excluding Parishes)
						£
A	78,505	(12,041)	66,464	6/9	44,309	838.14
B	22,946	(2,463)	20,483	7/9	15,931	977.83
C	13,966	(1,374)	12,592	8/9	11,193	1,117.52
D	8,384	(606)	7,778	1	7,778	1,257.21
E	4,000	(315)	3,685	11/9	4,504	1,536.59
F	1,657	(117)	1,540	13/9	2,225	1,815.98
G	727	(56)	671	15/9	1,118	2,095.35
H	105	(58)	47	18/9	94	2,514.42
Total	130,290	(17,030)	113,260		87,152	
					Less allowance for non-collection	(2,615)
					Tax base for the calculation of Council Tax	84,537

Reconciliation of Council Tax income to the tax base

2008/09		2009/10	
86,805	No of band D properties	87,152	
£1,208.42	Band D rate	£1,257.21	
£1,568,755	Parish precepts	£1,732,186	
£m		£m	
(106.5)	Estimated income	(111.3)	
18.4	Council Tax benefit	21.1	
0.1	In year changes	(0.4)	
(88.0)	Income	(90.6)	

The in year changes in 2009/10 are due to an increase in the number of band D properties to 87,424 compared to 87,152 used in the calculation of the budget.

The 2008/09 reconciliation has been restated to include parish precepts.

2. Business Rates

Under statutory arrangements business rates are collected locally on the basis of a nationally determined rate in the pound charged on the rateable value of the property, which in 2009/10 the standard rate was 48.5p (46.2p in 2008/09) and 48.1p for small businesses (45.8p in 2008/09).

The business rates collected are paid into a central pool managed by Central Government. Formula Grant is paid to local authorities using pool income and other tax receipts. Formula Grant is distributed to local councils in accordance with their government-assessed needs so that in theory each council should be able to set broadly the same level of Council Tax for providing the same level of service. The Formula Grant mechanism takes account of information on the population, social structure and other characteristics of each council. Doncaster's income from the pool in 2009/10 was £113m (£117m in 2008/09) paid into the Income and Expenditure Account.

The business rates collectable after reliefs and provisions was £77.2m in 2009/10 (£77.1m in 2008/09) and was based on a rateable value for the council's area of £195,575,178 as at 31st March 2010 (£197,747,567 as at 31st March 2009). Full revaluations are carried out every five years and the next is due in April 2015.

3. Provision for Bad and Doubtful Debts

Contributions are made from the Collection Fund Income and Expenditure Account to a provision for bad debts. During 2009/10 £988,341 was contributed to the Council Tax bad debt provision, which is maintained at approximately 40% of the arrears, and £453,979 of irrecoverable debts were written off.

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

After due date	Council Tax Arrears	
	Arrears £'000	Provision £'000
2009/10	3,317	796
2008/09	1,973	711
More than 2 years old	4,160	2,446
Total	9,450	3,953

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

4. Precepts and Demands

Expenditure requirements financed by the Collection Fund:

	Net Budget Requirement	Band D Equivalent Dwellings	Band D Council Tax
	£'000		£
Doncaster M.B.C. Revenue Budget*	231,285		
Formula Grant - Revenue Support Grant	(26,044)		
- Contribution from NDR Pool	(112,835)		
Collection Fund Surplus	(1,940)		
Doncaster Council Demand (excluding Parishes)	90,466	84,537	1,070.14
S Y Police Authority	10,871	84,537	128.60
S Y Fire and Rescue Authority	4,943	84,537	58.47
Total	106,280		1,257.21

*excludes Parish Precepts of £1,732,186.

5. Local Exemption - Floods

Following the June 2007 floods many residents were unable to occupy their properties as they were undergoing major repairs and were therefore granted a statutory exemption. The exemption could only be granted for 12 months and so in order to ensure that Council Tax exemptions continue to be awarded for those residents still not able to return to their properties the council decided to establish a locally defined reduction. This award is for properties defined as "unoccupied dwellings, uninhabitable due to the June 2007 floods, where the statutory exemption has exceeded 12 months". The cost of a locally defined exemption is met by the council's General Fund budget and so a transfer from the General Fund is shown in the Collection Fund. In 2009/10 locally defined exemptions totalling £9,745 were awarded (£40,300 in 2008/09).

Annual Governance Statement

Doncaster Council 2009/10

1. Introduction

- 1.1 In accordance with best practice guidance for local authorities on the preparation and drafting of an annual governance statement, the following statement relates to the period from 1st April 2009 to the date of the approval of the Council's accounts (anticipated to be 30th June 2010). The responsibilities set out in this statement, the nature of controls in place and the areas identified for improvement apply to the whole or part of the above period. Reference is also made to matters raised in the Council's 2008/09 Annual Governance Statement. Where issues arising from previous years have been resolved, these have been identified in this statement.

Scope of Responsibility

- 1.2 Doncaster Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. 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. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 This document, the Council's Annual Governance Statement (abbreviated to 'AGS'), explains how Doncaster Council has complied with national good practice guidance and meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control. To this end, the Council has in place a framework of governance to do so.
- 1.4 Since the previous AGS, the Council has developed a local code of corporate governance consistent with best practice and reflecting the principles of the CIPFA/SOLACE Good Governance Framework. This was approved by full Council on the 18th January 2010 and has been used in drafting the 2009/10 AGS.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads the community.
- 2.2 These arrangements include systems and processes to enable the Council to monitor the achievement of its objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

- 2.3 The system of internal control is a significant part of that governance framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically. The Council cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness.
- 2.4 The governance framework has been in place within the Council for the financial year ended 31st March 2010 and beyond that up to the date of approval of the 2009/10 Statement of Accounts and this Annual Governance Statement, with the exception of controls relating to issues identified in Section 6 and Appendices 1 and 2 of the statement. The Council is taking action to deal with these items.

3. The Governance Framework

- 3.1 The key elements of the systems and processes that comprise the Council's governance arrangements include;
- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
 - Reviewing the Council's vision and its implications for the Council's governance arrangements;
 - Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources;
 - Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. This includes the establishment and agreement by the Council of its lawful constitution which sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that it is open, accountable and transparent to local people. It also includes its scheme of delegation and the facilitating of policy and decision-making within the elected mayoral regime;
 - Developing, communicating and embedding codes of conduct; defining the standards of behaviour expected for members and staff;
 - Reviewing and updating standing orders, financial procedure rules and contract procedure rules and supporting procedure notes and manuals, which contribute to defining how decisions are taken, transactions undertaken and the ways in which some risks are managed. In addition, the Council continues to embed and develop its system of risk management, with an updated risk management policy, risk management strategy and updated risk registers. The Council considers significant risk in all its formal decision-making and in its management of major projects. The risk management process extends into its service planning process;

- Undertaking the best practice functions of an effective audit committee, as identified in professional national guidance, that is in the CIPFA document ‘Audit Committees – Practical Guidance for Local Authorities’;
- The work of its statutory and regulatory officers, ensuring that there is compliance with policies, procedures, laws, regulations, internal policies and procedures, and that expenditure is lawful;
- Whistle-blowing arrangements for staff and contractors and arrangements for receiving and investigating complaints from the public;
- The identification of development needs of members and senior officers in relation to their strategic and other roles and supporting them by encouraging and providing appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Council’s overall governance arrangements.

5. Review of Effectiveness

5.1 The Council has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including its systems of internal control.

5.2 The review of the effectiveness of the governance framework is informed by the work of respective directors within the Council who have responsibility for the development and maintenance of governance arrangements including the internal control environment. The review of the effectiveness of the system of internal control is also informed by other reviews including the work of the Council’s Internal Auditors, the Audit Commission and other inspectorates.

5.3 The process that has been applied this year in maintaining and reviewing the effectiveness of the system of governance framework, including the system of internal control includes the following:

- The Chief Executive, Chief Financial Officer and Monitoring Officer monitor and review the operation of the Constitution to ensure that it supports and facilitates the Council’s achievement of its policies, aims and objectives. Full Council reviews the Constitution as necessary. Minor amendments do take place each year to reflect reviews by the above officers and to improve the governance framework.
- The Council has in place an Overview and Scrutiny function to consider the effective achievement of Council policy, to monitor major decisions and to call in decisions which have been made by the Executive and officers but have not yet been implemented. Their efforts are supplemented by the work of the various Scrutiny Panels.
- The Council’s Directors’ and Assistant Directors’ evaluations of control and governance issues in their respective areas of responsibility. These evaluations consider the details as laid down in the Local Code of

Governance and consider the gaps between these requirements and actual practices. The resulting governance issues have been further reviewed by Statutory Officers and the Corporate Leadership Team and finally included in this statement.

- Internal and external audit arrangements and findings following the review of the Council's governance and internal control environment.
- The conducting of a review at least annually of the effectiveness of the system of internal audit in accordance with latest statute, which is formally presented to the Audit Committee.
- Other External inspections and reviews including, most notably, the Corporate Governance Inspection undertaken by the Audit Commission in March 2010.
- The consideration of the draft Annual Governance Statement by the Council's Audit Committee, which has received reports on governance and internal control matters over the past year.
- The work of the Standards Committee over the past year, which has considered reports on the ethical and standards matters.

6. Significant Governance Issues

6.1 As a consequence of this review of the effectiveness of the Council's governance arrangements and system of internal control, a number of items have been identified which require improvement or enhancement. Corresponding actions have been identified to deal with these items. In reviewing the effectiveness of the Council's governance and internal control arrangements for 2009/10, the Council has reviewed the ongoing impact of items raised in the 2008/09 Annual Governance Statement.

6.2 Appendices to this Statement show:

Appendix 1: Areas requiring improvement identified following the 2009/10 review of the effectiveness of the Council's governance arrangements, and the actions being taken by the Council to secure the improvements.

Appendix 2: Areas requiring improvement identified in 2008/09 that require ongoing action, and the action being taken.

Appendix 3: Areas requiring improvement identified in 2008/09 that have been effectively managed to the extent that they are no longer significant for 2009/10. In the interests of consistency and continuity, they are referred to in this appendix to assist in demonstrating that they have been duly considered in the 2009/10 review for the purposes of this statement.

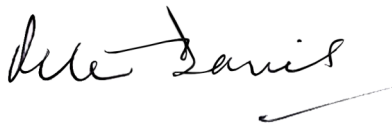
Statement of Commitment

We have been advised of the implications of the result of the 2009/10 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:



Mayor



Chief Executive

Annual Governance Statement

2009/10 improvements identified following a review of the effectiveness of the Council's governance arrangements

	Improvement Issue	Improvement Action	Responsible Manager	Action Date
1	<p>Corporate Governance Inspection</p> <p>Following on from previous Annual Governance Statement actions on governance issues in Children's Services and other subsequent governance weaknesses in the Council, the Audit Commission undertook a Corporate Governance Inspection of Doncaster Council.</p> <p>The resulting report found that there are three inter-related issues which mean that the Council is failing to govern itself properly. These issues were (1) the way the Council operates to frustrate what the Mayor and Cabinet seek to do, (2) the lack of effective leadership shown by the Mayor and Cabinet and (3) the lack of leadership displayed by some Chief Officers and the way they have been unable to work together effectively to improve services. Additionally, the Council's Scheme of Delegation needs to be</p>	<p>The Secretary of State will intervene to make sure Doncaster improves. The format for this intervention will be notified to the Council in due course.</p> <p>An Acting Chief Executive has been appointed and the Secretary of State has set up an emergency Advisory Support Board to support her.</p> <p>The Mayor, Cabinet Members, Group Leaders, Elected Members, Corporate Leadership Team and Management and staff throughout the Council will continue to develop existing frameworks and drive through the changes necessary to deliver change for Doncaster. An improvement plan is currently being drawn up and discussed with Department for Communities and Local Government and political Group Leaders. The Mayor has established a Group Leaders' Board to enable more effective working across the political</p>	<p>Mayor Group Leaders Chief Executive and Corporate Leadership Team Monitoring Officer S151 Officer</p>	<p>Ongoing</p>

	Improvement Issue	Improvement Action	Responsible Manager	Action Date
	strengthened and re-iterated.	arena.		
2	<p>Former Comprehensive Area Assessment The Audit Commission highlighted two particular weaknesses in Doncaster when it published its comprehensive area assessment in December 2009. These were:-</p> <ul style="list-style-type: none"> Children are not being served well and public services have not been doing a good job of making sure vulnerable children are safe. The Council acting with its partners has not responded well enough to the housing needs of some of the area's most vulnerable residents. The Council has also failed to tackle the large number of properties which are currently standing empty. 	<p>An Improvement Board has been established and a plan for improving services agreed.</p> <p>An improvement plan has been produced and is being implemented, to address the weaknesses highlighted in the report. The Audit Commission has been engaged to provide advice and assistance between May and July 2010 and a formal housing inspection will subsequently be completed by the Audit Commission in February 2011.</p>	<p>Director of Children's Services</p> <p>Director of Development</p>	<p>Regular reporting of progress is being given to the Improvement Board</p> <p>Ongoing</p>
3	Data Quality Arrangements			

	Improvement Issue	Improvement Action	Responsible Manager	Action Date
	Work undertaken by Internal Audit and the Corporate Performance Team has highlighted opportunities to improve the reliability of information to support performance management.	The Data Quality Strategy will be embedded within the data collection processes of all Directorates. High risk areas will be identified and systematically addressed.	Director of People and Performance Improvement	From June 2010
4	Anti Fraud Controls Awareness of the Council's anti-fraud and corruption framework and procedures is low within the Council and no fraud risk registers are currently in place.	Information and publicity relating to the refreshed Anti Fraud and Corruption Framework approved by Cabinet in March 2010 will be used to ensure managers and employees throughout the Council are made aware of their responsibilities under the framework. Fraud risk assessment workshops will be held with services to ensure that fraud risk registers can be created and incorporated into the Council's risk management arrangements.	Acting Director of Resources	Throughout 2010/11

	Improvement Issue	Improvement Action	Responsible Manager	Action Date
5	<p>Corporate Procurement</p> <p>Internal Audit highlighted various instances of non-compliance with the Council's Contract Procedure Rules, including examples where managers have purchased goods and services from suppliers other than the approved or nominated contract holders. This increases costs and frustrates strategic procurement objectives.</p>	<p>A new Procurement Policy and Strategy has been drafted which, if approved, will improve the procurement process and facilitate more strategic procurement. The Policy and Strategy is progressing through the policy making process</p>	<p>Acting Assistant Director of Resources (Finance)</p>	<p>September 2010</p>
6	<p>Equal Pay</p> <p>The Authority implemented the outcomes of the job evaluation exercise through the payroll system in December 2009. An internal audit, which is being undertaken to verify the implementation, has made recommendations relating to records retention and confirmation of pay grades.</p>	<p>As an additional post-implementation check on the process, the Pay and Rewards Team is ensuring that the outcomes have been fully and accurately reflected in the Council's records. This validation work will be completed during 2010/11.</p>	<p>Assistant Director of People and Performance Improvement (HR)</p>	<p>September 2010</p>
7	<p>Debt Collection</p> <p>A recent review completed by Internal Audit identified that there was unsatisfactory compliance with the Council's procedures and associated best practice for monitoring and collecting debt.</p>	<p>Arrangements will be put in place to ensure that sundry debtor bills are checked within departments by someone other than the person who raised the accounts.</p>	<p>Acting Assistant Director of Resources (Finance)</p>	<p>September 2010</p>

	Improvement Issue	Improvement Action	Responsible Manager	Action Date
8	<p>Children's Services – Foster Care Services</p> <p>During 2009/10 overpayments to the value of £120k have been identified as being made to foster carers, with some overpayments dating back to the 2007/08 financial year.</p>	<p>Arrangements in Foster Care Services have been amended. Further strengthening of controls will be undertaken in this area.</p>	<p>Assistant Director of Children. Young People and Families</p>	<p>October 2010</p>
9	<p>Secondary School - Data Management</p> <p>A fire at a secondary school in Doncaster caused a significant data loss including pupil and financial records. The loss highlighted an absence of effective backup and recovery arrangements and a lack of a business continuity plan.</p>	<p>Data is being reconstructed, wherever possible, and business continuity arrangements are being put in place to ensure that future incidents minimise any risk of a recurrence of this issue.</p>	<p>Assistant Director of Learning and Schools, with School Head</p>	<p>July 2010</p>
10	<p>Primary School Financial Management Arrangements</p> <p>Internal Audit assesses all schools in Doncaster every three years against the Financial Management Standards in Schools. One primary school assessed during the year failed to comply with the Standards. Weaknesses relating to governance were highlighted and these meant that significant deficiencies in the School's financial management framework were not being addressed.</p>	<p>The School's Governance arrangements are being improved to ensure compliance with the relevant standards and to strengthen financial management. An Interim Executive Board is in place and the school is moving towards a federated arrangement with a successful primary school</p>	<p>Assistant Director of Learning and Schools, with School Head</p>	<p>June 2010</p>

	Improvement Issue	Improvement Action	Responsible Manager	Action Date
11	<p>Network Resilience Following a comprehensive and thorough testing of the Council's network, initiated by Internal Audit, several areas were highlighted as potentially vulnerable.</p>	<p>ICT prioritised immediate corrective actions and the majority of weaknesses have now been corrected. There are 3 outstanding items which remain unresolved. The resolution of these three areas should be achieved following the current Novell migration exercise and the patching of specific servers.</p>	<p>Assistant Director of Resources (IT)</p>	<p>September 2010</p>

Appendix 2

Previous years' items that have impacted on governance in 2009/10

Improvement Issue		Improvement Action	Responsible manager	Action Date
1	<p>Serious shortcomings in Children's Services</p> <p>These were identified by Ofsted and confirmed in subsequent inspections.</p>	A comprehensive improvement plan has been agreed with the Improvement Board and is being implemented	Director of Children's Services	Various, ranging from short to medium term.
2	<p>Section 106 Monies –</p> <p>The Audit Commission raised concerns relating to the administration of Section 106 (planning development) monies by the Council, including monitoring and reporting arrangements.</p>	Best practice has been taken on board from a leading local authority and a management information system has been developed to enable stakeholders to access information relating to Section 106 agreements in real time. Staff training for the new system is to be undertaken with roll out of the system anticipated in the 2010/11 year.	Director of Development	June 2010
3	<p>Information Technology –</p> <p>A recent risk assessment identified that the controls over IT systems changes did not meet best practice</p>	IT service management software has recently been purchased and will include strengthened change control processes.	Assistant Director of Resources (IT)	June 2010

Improvement Issue		Improvement Action	Responsible manager	Action Date
4	<p>Payment of Employees –</p> <p>Further improvement items have been identified that are required to address concerns arising from the operation of the present system and processes for paying employees. The weaknesses are having an impact on the overall effectiveness and acceptability of the delivery of the payroll function as well as the operation of essential controls.</p>	<p>A detailed improvement action plan to strengthen the controls to the payroll system has been developed and implemented. IT systems options for the payroll process continue to be investigated as part of the Service's Improvement program and improvements to the systems continue to be made in the interim period on a needs basis to improve the controls and operational effectiveness. Exceptions and actions identified as part of the latest annual payroll internal audit continue to be monitored and reviewed on a quarterly basis through the Council's performance and risk management system.</p>	<p>Director of People and Performance Improvement</p>	<p>Completed March 2010</p>
5	<p>Asset Register –</p> <p>The council is reviewing its arrangements for maintaining its asset register so as to enhance such arrangements and better facilitate its accounting for assets.</p>	<p>A new system for maintenance of the Fixed Asset register has now been implemented. All data has been uploaded to the new system and the details reconciled to the 2008/09 Statement of Accounts. Changes for the financial year 09/10 are being uploaded and appropriate system documentation developed.</p>	<p>Acting Director of Resources</p>	<p>June 2010</p>

Improvement Issue	Improvement Action	Responsible manager	Action Date
<p>6 Equal Pay Litigation <i>(This was an area initially identified in 2005/06 that has been pertinent to date).</i></p> <p>Whilst the Council has eliminated a number of risks associated with equal pay, specifically the backdating of work rated as equivalent claims, the Council is still exposed to further claims from this group from 1st April 2007.</p> <p>The Council has eliminated a number of risks associated with equal pay however it is still open to further claims from 1st April 2007. These risks will remain until implementation of a new pay structure.</p>	<p>The Pay and Rewards review has now been implemented. The appeals stage of the procedure is currently underway and is expected to be completed during 2010/11.</p> <p>A number of equal pay claims that pre-date this review are still outstanding; and a defence to these claims is currently being prepared prior to submission to an Employment Tribunal scheduled to take place in 2010/11, unless settled or withdrawn.</p>	<p>Director of People and Performance Improvement</p>	<p>March 2011</p>
<p>7 Employee Overpayments</p> <p>The level of overpayments to employees has been a cause of concern. The main causes of the overpayments are either late notification of information to Human Resources or delays in processing the information.</p>	<p>Action has been taken by payroll staff to date to recover overpaid sums and all overpaid sums are currently in the recovery process</p>	<p>Director of People and Performance Improvement</p>	<p>Completed</p>

Improvement Issue	Improvement Action	Responsible manager	Action Date
<p>8 Business Continuity Arrangements</p> <p>Significant progress has been made in establishing a corporate strategy, framework and tools for delivering business continuity. Several areas, however, have plans that now require updating and testing as a result of the changing structure of Doncaster Council.</p>	<p>The validation programme to assess the suitability for purpose of business continuity plans continues.</p> <p>Work continues with those Directorates who have still to finalise their plans and these will be validated using the desktop / challenge model once these plans have been completed.</p>	<p>Director of Neighbourhoods and Communities</p>	<p>During 2010/11</p>
<p>9 Updating of Scheme of Delegation</p> <p>The scheme of delegation should be reviewed, updated, appropriately authorised and made accessible.</p>	<p>A revised Mayoral scheme of delegation was drafted for the incoming Mayor in June 2009 and signed off on 21/09/09. This was widely cascaded to all Members and senior officers within the organisation and it is contained within Part 3 of the Council's Constitution "Responsibility for Functions" which is accessible on the Council's website.</p>	<p>Acting Director of Resources</p>	<p>Completed</p>

Previous years' issues no longer significant during 2009/10.

Ref.	Improvement Issue	Action
1	<p>2007/08 Financial Accounts – Errors and shortcomings in the preparation of the 2007/08 accounts were raised by the Audit Commission</p>	<p>The situation which prevailed in terms of dealing with the substantial flooding and associated issues in that financial year have since been dealt with. The closure of the accounts for the 2008/9 financial year did not face the same challenges as the previous year.</p> <p>Detailed improvement actions were put in place and included;</p> <ul style="list-style-type: none"> • All spreadsheet and working papers have been reviewed and improved with links to the SORP guidance and references, • The timetable has numerous levels of Quality Assurance built into the process, • Templates have been produced as a check list and overview implemented for each stage in the production of the statement of accounts. • The appointment of an IFRS Group Finance Manager who has undertaken quality assurance responsibility on the production of the statements, • The secondment of additional resources to the team for completion of the accounts to allow more review by experienced officers, • Regular meetings and updates with the Audit Commission.
2	<p>Health and Safety matters</p> <p>Health and safety matters in the management and maintenance of Council Housing, arising from incidents related to asbestos which arose in</p>	<p>A Service Level Agreement has been developed between DMBC Housing and DMBC Corporate Health and Safety. The purpose of this SLA is to provide resources and agreed activity for 2 new posts located within corporate H/S and dedicated to the development of a H/S management and monitoring system with regard to St Leger</p>

Ref.	Improvement Issue	Action
	2008, currently administered by the organisation St Leger Homes Doncaster	Homes activity. This team have since developed a comprehensive framework and have monitored progress regularly. Reporting on progress happens monthly at the Joint DMBC / SLH management agreement liaison meeting.
3	<p>The Financial Ledger (One World System)</p> <p>Changes to the software provider and technical personnel have resulted in there being risks to sustaining the operational ability of the Financial Ledger software package (One World).</p> <p>There has been extensive evaluation of the risks related to this. The latest concern is that there is a threat to the medium term viability of this package.</p>	<p>New hardware and software upgrades have been implemented and any resulting issues have been dealt with. A long term solution is still being investigated however, these improvements mean that that the system has now been stabilised and this system no longer poses a short term critical risk.</p>

Ref.	Improvement Issue	Action
4	<p>Management of Vehicles and Plant</p> <p>Weaknesses were identified within the systems for the management and maintenance of the Council's inventory of vehicles and plant. Processes are in place to manage these assets however compliance with the established systems of internal control and the enforcement of these controls throughout the Council was leaving the Council exposed to unacceptable levels of risk.</p>	<p>Improvement plans were agreed with the respective managers to rectify this position and improvement actions have been largely implemented.</p> <p>A new fleet monitoring system and fleet tracking system has now been implemented and a review of vehicles has been undertaken during the financial year. This risk is now managed to a suitable level.</p>

Group Accounts

Local authorities may choose to conduct their activities through other organisations under the ultimate control of the authority, and so the financial statements of the reporting authority by itself do not present a full picture of its financial activities. The group financial statements provide further information on the material financial risks and benefits of all entities over which the authority exercises control, significant influence or joint control.

The SORP requires Local Authorities to consider all their interests in entities and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates and joint ventures. Before group accounts can be produced, the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity
- Assess the nature of the relationship between the Council and the entity
- Determine on the grounds of materiality whether group accounts should be prepared

Having considered its group accounts position in the light of the SORP requirements, including those listed in Note 25 to the Core Financial Statements: Investments – Related Businesses and Companies, group accounts have been prepared. These incorporate St. Leger Homes of Doncaster, a subsidiary of Doncaster MBC

Group Income and Expenditure Account

2008/09 Net Expenditure £'000	Notes	2009/10 Gross		Net Expenditure £'000
		Expenditure £'000	Income £'000	
2,108	Central services to the public Local Tax Collection	25,843	(24,193)	1,650
120	Registration of Births, Deaths and Marriages	435	(320)	115
857	Elections	669	0	669
296	Emergency Planning	362	(11)	351
21	Local Land Charges	177	(198)	(21)
508	Court services	885	(414)	471
74,948	Cultural, environmental, regulatory and planning services	123,569	(23,981)	99,588
87,542	Children's and education services	355,123	(266,125)	88,998
31,070	Highways and transport services	43,303	(6,300)	37,003
115,933	Local Authority Housing (HRA)	63,423	(63,971)	(548)
(2,483)	Other housing services	96,344	(96,105)	239
64,929	Adult social care	107,516	(41,295)	66,221
0	Exceptional items	8,363	0	8,363
7,010	Corporate and democratic core	9,635	(437)	9,198
1,864	Non distributed costs - Past service costs	1,134	(522)	612
13,671	- Surplus Properties	0	0	0
398,394	Net Cost of Services	836,781	(523,872)	312,909
8,951	Loss / (profit) on disposal of fixed assets			39,858
(335)	Other income			(100)
1,569	Parish Council precepts			1,732
(897)	(Surplus) / deficit on Trading			(484)
20,243	Undertakings not in Net Cost of Services			(484)
	Interest payable and similar charges			19,917
	Contribution to Housing Capital Receipts Pool			0
(3,476)	Interest and investment income			(828)
14,056	Pensions interest cost and expected return on pensions assets			21,200
439,834	Net Operating Expenditure			394,204
(117,692)	Distribution of Non Domestic Rates			(112,835)
(88,084)	Demanded on the collection fund			(92,198)
	Transfer of collection fund			
(1,533)	(Surplus)/Deficit			(2,256)
(46,338)	General Grants			(57,663)
186,187	(Surplus)/Deficit for the Year			129,252

Reconciliation of the Single Entity surplus (-)/deficit (+) for the year to the Group (Surplus) /Deficit

2008/09 £000		2009/10 £000
184,334	(Surplus) / Deficit on the council's single entity income and expenditure account	129,317
	Less: Dividend income from group entities included in single entity	
	Add: (Surplus) / deficit arising from group entities	
1,853	Subsidiaries	(65)
186,187	Group (Surplus) / Deficit	129,252

Group Statement of Total Recognised Gains and Losses

2008/09 £'000		2009/10 £'000
187,395	(Surplus) / Deficit for the year on the Income and Expenditure Account	129,252
19,765	(Surplus) / Deficit on revaluation of fixed assets	(147,690)
0	Reinstatement of Sir Thomas Wharton finance lease liability	22,681
(51,617)	Actuarial (gains) / losses on pension fund assets and liabilities	122,826
(397)	(Increase) / decrease in Collection Fund balance re DMBC	0
155,146	Total recognised (gains) / losses for the year	127,069

Group Balance Sheet as at 31 March 2010

31/3/09		Notes	31/3/10
£'000	£'000		£'000 £'000
		Fixed Assets:	
	0	Intangible Assets	0
		Tangible Fixed Assets	
		Operational Assets	
690,373		- Council dwellings	758,603
664,612		- Other land and buildings	625,780
19,120		- Vehicles, plant, furniture and equipment.	22,550
130,317		- Infrastructure assets	134,026
8,245		- Community assets	6,953
	1,512,667		1,547,912
		Non-Operational Assets	
38,577		- Investment properties	38,872
19,380		- Assets under construction	17,175
66,543		- Surplus assets held for disposal	79,127
	124,500		135,174
	1,637,167	Total fixed assets	1,683,086
4,908		Long-term investments	5,161
428		Long-term debtors	476
	5,336		5,637
	1,642,503	Total Long -Term Assets	1,688,723
		Current Assets:	
3,240		- Stocks and work in progress	4,619
67,191		- Debtors	68,052
12,980		- Investments	13,750
1,128		- Cash and bank	2,955
	84,539		89,376
	1,727,042	Total Assets	1,778,099
		Current Liabilities:	
(5,681)		- Short -term borrowing	(21,246)
(71,245)		- Creditors	(68,401)
(8,377)		- Bank overdraft	(12,871)
	(85,303)		(102,518)
	1,641,739	Total Assets Less Current Liabilities	1,675,581
		Long Term Liabilities	
(337,401)		Long-term borrowing	(346,473)
(10,961)		Provisions	(13,252)
(141,506)		Government grants deferred	(156,831)
(17,765)		Grants and Contributions Unapplied	(23,034)
(63,012)		Deferred liabilities	(60,952)
(70)		Deferred Capital Receipts	(50)
(235,878)		Liability related to defined benefit pension scheme	(366,912)
	(806,593)		(967,504)
	835,146	Total Assets Less Liabilities	708,077

31/3/09		Notes	31/3/10	
£'000	£'000		£'000	£'000
Financed by:				
	74,938	Revaluation Reserve		197,272
	939,838	Capital Adjustment Account		816,497
		Available-for-Sale Financial Instruments		
	0	Reserves		0
		Financial Instruments Adjustment		
	(1,660)	Account		(1,757)
	8,541	Usable Capital Receipts Reserve		14,083
	3,147	Major Repairs Reserve		555
	(235,878)	Pensions Reserve		(366,912)
	(82)	Collection Fund Adjustment Account		233
	(52)	Unequal Pay Back Pay Reserve		0
		Funds Balances and Reserves:		
		- General Fund Balance	5,319	
7,006		- Earmarked Reserves	36,392	
33,749		- Housing Revenue Account Balance	6,395	
6,265		- Profit & Loss and Other Reserves	0	
(666)	46,354			48,106
	835,146	Total net worth		708,077

Group Cash Flow Statement

The guidance notes to the SORP 2009 clarifies that the Cash Flow Statement and associated notes may be calculated using the direct method, a build up from cash transaction records, or the indirect method, working back from the Financial Statements by making appropriate adjustments. The following statement and notes for 2009/10, and 2008/09, have been calculated using the indirect method.

2008/09			2009/10	
£'000	£'000		£'000	£'000
	36,314	NET CASH INFLOW / (OUTFLOW) FROM REVENUE ACTIVITIES		47,247
		RETURNS FROM JOINT VENTURES AND ASSOCIATES		
		Cash Inflows		
0		Dividends received		0
		RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
		Cash Outflows		
(18,632)		Interest paid	(18,300)	
		Cash Inflows		
3,840		Interest received	1,450	
	(14,792)			(16,850)
		CAPITAL ACTIVITIES		
		Cash Outflows		
(132,174)		Purchase of fixed assets	(85,384)	
(3,000)		Purchase of long term investments	405	
(7,361)		Other capital cash payments	(503)	
		Cash Inflows		
4,644		Sale of fixed assets	8,120	
0		Sale of long term investments	0	
1,473		Other Capital cash receipts	975	
40,344		Capital grants received	33,873	
	(96,074)			(42,514)
	(74,552)	NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING		(12,117)
		MANAGEMENT OF LIQUID RESOURCES		
66,745		Net increase/(decrease) in short-term deposits	0	
0		Net increase/(decrease) in other liquid resources	(11,209)	
	66,745			(11,209)
		FINANCING		
		Cash outflows		
(10,983)		Repayment of amounts borrowed	(293,658)	
		Capital element of Finance Lease Rental payments & PFI payments	(1,533)	
		Cash Inflows		
0		New long term loans raised	20,000	
14,669		New short term loans raised	295,850	
	3,686			20,659
	(4,121)	Net Increase / (Decrease) in Cash		(2,667)

Notes to the Group Accounts

Having considered its involvement with all companies and organisations, including those listed in Note 25 to the Core Financial Statements, these incorporate only the results of St. Leger Homes of Doncaster.

Note 1 Statement of Accounting Policies

St. Leger Homes has adopted the same accounting principles as the Council. As far as can be ascertained, there are no material differences between the accounting principles of St. Leger Homes and the Council.

Note 2 Group Income and Expenditure Account

The management fee of £33.047m paid by the Council to St. Leger Homes has been eliminated on consolidation.

Note 3 Group Balance Sheet

Current Assets and Liabilities

As at 31st March St Leger Homes stock of general materials was £653,000 and its balance of Work in Progress was £2,877,000.

At 31 March 2010 St. Leger Homes owed the Council £3,728,000 and was owed £3,088,000 by the Council. These balances have been eliminated on group consolidation.

Pensions Liability

The Pensions liability of St. Leger Homes as at 31 March 2010 was £18.254m.

Note 4 Reconciliation of Net Deficit / (Surplus) on the Income and Expenditure Account to activities net cash flow in the statement.

2008/09			2009/10	
£'000	£'000		£'000	£'000
	(190,227)	Group (deficit) / surplus for the year		(129,252)
		Non Cash Transactions		
215,893		Depreciation & Impairment	112,616	
(25,966)		Deferred grants amortised in year	(9,220)	
15,953		Pension Fund adjustments	8,208	
343		Contributions to Provisions	2,291	
		Other non cash financial instrument adjustments	0	
(387)		Other non cash adjustments	1,500	
(1,664)				
	204,172			115,395
		Adjustment for items reported separately on Cash Flow		
(3,476)		Interest and investment income	(828)	
0		Dividends from companies	(405)	
19,122		Interest payable and similar charges	19,917	
		Revenue items funded from capital under statute	468	
7,306		(Gain) or loss on disposal of fixed assets	39,858	
8,951				
		Less Items on an accruals basis		
(1,077)		(Increase)/Decrease in Stocks	(1,379)	
(11,065)		(Increase)/Decrease in Debtors	3,466	
2,608		Increase/(Decrease) in Creditors	7	
	22,369			61,104
		Net Cash Inflow / (outflow) from operating activities		47,247
	36,314			

Glossary

Accruals

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

Area Based Grant (ABG)

ABG is a non-ring-fenced general grant, no conditions on use are imposed as part of the grant determination ensuring full local control over how funding can be used.

Capital Charge

A charge to service revenue accounts to reflect the cost of fixed assets 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 Receipts

The proceeds from the disposal of land or other fixed assets. 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.

Collection Fund

A fund administered by the council recording receipts from Council Tax and payments to the General Fund and other public authorities. It also records receipts of business rates collected on behalf of Central Government.

Community Assets

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

Consistency

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

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.

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.

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.

Exceptional Items

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

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items, merely because they relate to a prior period.

Fair Value

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

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Fixed 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.

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.

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.

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.

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.

Minimum Revenue Provision

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

Net Book Value

The amount at which fixed assets 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 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-Operational Assets

Fixed assets held by the council but not used or consumed in the delivery of services. Examples of non-operational assets include investment properties, land and property awaiting development and surplus assets awaiting disposal.

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

Fixed assets held and occupied, used or consumed by the council in the direct delivery of those services for which it has either a statutory or discretionary 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 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.

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.

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.

Revenue Expenditure

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

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.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Useful Life

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

Audit Opinion

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

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Doncaster MBC for the year ended 31 March 2010 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Doncaster MBC in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission in April 1988.

Respective responsibilities of the Chief Financial Officer and auditor

The Chief Financial Officer's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial

statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and
- The Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, A Statement of Recommended Practice, of the financial position of the Group as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Adverse Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In so doing, I identified the following:

- there were weaknesses in the budget setting procedures, a lack of stakeholder engagement and the need for a more robust costed medium-term savings plan;
- the Authority's approach to strategic commissioning and procurement was weak with little development during the year. The Council had not modernised its arrangements quickly enough to ensure it achieved value for money whilst meeting stakeholder's needs;
- the Authority's ability to manage its performance was weak, despite some sound processes. During the year there were significant weaknesses in the effectiveness of performance management, resulting in some services that continued to underperform;
- the Corporate Governance Inspection report in April 2010 concluded that the Council failed to meet minimum governance standards, and lacked the capacity or capability to improve in the next 12 months in all six areas examined. These areas were purpose and outcomes; functions and roles; values and behaviours; decision making; capacity and capability and engagement; and
- improvements in the Council's arrangements for risk management were only recently agreed and were not fully implemented. In addition the Council could not show that its risk management arrangements

successfully minimised the risk of poor performance in some services, including significant failings in safeguarding services for children.

For reasons set out above, and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, I am not satisfied that, in all significant respects, Doncaster Metropolitan Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010, in that it did not:

- plan its finances effectively to deliver its strategic priorities and secure sound financial health
- commission and produce quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money
- produce relevant and reliable data and information to support decision making and manage performance
- promote and demonstrate the principles and values of good governance
- manage its risks and maintain a sound system of internal control.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

John Prentice
Officer of the Audit Commission

Audit Commission
Littlemoor House
Littlemoor
Eckington
Sheffield S21 4EF

30 September 2010